

Notice of Meeting:

I hereby give notice that an ordinary meeting of Finance and Monitoring Committee will be held on:

Date: Thursday 3 May 2012
Time: 9.30 AM
Meeting Room: Committee Room 1
Venue: Municipal Building, Garden Place, Hamilton

Barry Harris
Chief Executive

Finance and Monitoring Committee OPEN AGENDA

Membership

| | |
|--------------------|-------------------------------------|
| Chairperson | Cr D Macpherson |
| Deputy Chairperson | Cr G Chesterman |
| Members | Her Worship the Mayor Ms J Hardaker |
| | Cr D Bell |
| | Cr P Bos |
| | Cr M Forsyth |
| | Cr J Gower |
| | Cr R Hennebry |
| | Cr P Mahood |
| | Cr A O'Leary |
| | Cr M Westphal |
| | Cr E Wilson |

Quorum: A majority of members (including vacancies)

Meeting Frequency: 6 Weekly

Apology: Councillor Gallagher

Suzanne Collins
Committee Advisor

26 April 2012
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www.hamilton.co.nz

Role & Scope

- The overall mandate of this committee is to ensure consolidated and complete reporting and monitoring of all financial and non-financial information and performance measures against Annual Plan and LTP components together with significant projects and components.
- The committee will provide a forward looking focus for the key projects and services being undertaken by Council to ensure that members are aware of the inter-connections between projects and services and to give elected members an opportunity to contribute to the success of projects and services.
- The sale, purchase and leasing of commercial investment properties held in the Municipal Endowment Fund in accordance with any Statutory requirements relating to the sale or exchange of endowment property.
- Draft Annual Report and carryovers
- To monitor the performance of Council Organisations and Council Controlled Organisations
- To monitor and make decisions on audit and risk matters
- Monitor and review event sponsorship decisions
- Approve and monitor contracts
- Recommend to Council on matters concerning project decisions where these are identified as a result of the Committee's project monitoring responsibilities

*Note: Financial reports are to be received for the penultimate month prior to the immediate past month

Committee Can Work in Forum Mode

From time to time the agenda for a Committee meeting will be organised and planned in "Forum mode" to enable members to more effectively lead, and participate in, the monitoring function. This could be for a full agenda or part thereof. "Forum mode" means that the Committee will consider (by resolution) suspending Standing Orders to enable the Committee to have more informal discussion and to receive presentations from Council Controlled Organisations (CCOs) and other partner organisations. Key issues and any direction set will be recorded for any section of a formal meeting that is run in Forum mode.

Power to Act

- Write off outstanding accounts greater than \$10,000 (in accordance with the Debtor Management Policy).
- To approve all contractual and other arrangements for supply and services and revenue generating contracts where the term of the contract (including renewal periods) and the total value of the contract is within limits set and delegated by Council.
- To approve contracts and other arrangements where the amount of work involved in a decision not to go to public tender exceeds \$100,000 (GST excluded) or in accordance with Council's Procurement Policy

***Note:** *The Power to Act encompasses all arrangements for lease of land and/or property including where these are associated with other contractual arrangements such as provision of hospitality, catering or event services.*

Power to Recommend

- N/a

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1 Apologies

2 Confirmation of Agenda

The Council to confirm the agenda.

3 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for three minutes or longer as the discretion of the Chairperson.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Should you wish to participate in the public forum, please contact Democratic Support Services by telephoning 838-6768.

Committee: Finance and Monitoring
Committee

Date: 03 May 2012

Report Name: Resolution Monitoring Report

Author: Suzanne Collins

Recommendation

That the report be received.

1. Attachments

- Attachment 1 - Outstanding Council Resolution - Finance & Monitoring Committee - May 2012

Signatory

| | |
|------------|---|
| Authoriser | Anthony Dick, Democratic Support Services Manager |
|------------|---|

Outstanding Council Resolution — Finance & Monitoring Committee — May 2012

| No. | Subject | Resolution | Current Status |
|-----|--|---|---|
| 1. | Claudlands Financial Performance 1 st Quarter 2011 | <p>.....</p> <p>b) staff report back to the Finance & Monitoring Committee at the first round of meetings in 2012 on a revised Business Plan that,</p> <p style="padding-left: 40px;">i. significantly reduces the negative variance in the current financial year from the \$1.1M proposed by staff,</p> <p style="padding-left: 40px;">ii. provides a realistic financial outcome from 2012-3 onwards,</p> <p>c) the financial situation of Claudlands is tracked monthly with particular focus on the success of remedial actions introduced to minimize the year-end unfavourable position,</p> <p>d) staff report over the next 3 months on b i. & b ii. above, on a monthly basis to a Working Party including.</p> <ul style="list-style-type: none"> • Her Worship the Mayor • Chairperson of Finance & Monitoring Committee • plus two other Councillors to be nominated. <p>who shall recommend on the matters raised to Finance & Monitoring Committee meetings, and</p> <p><i>Council Meeting 24 November 2011</i></p> | <p>Totally revised budget for the current Financial Year submitted and approved (in tandem with Howarth Report)</p> <p>Ongoing</p> <p>Working Party has convened and reported on to Finance & Monitoring Committee and then on to full Council. Working Party due to meet again shortly in advance of a Council workshop scheduled for 31 May 2012.</p> |

| | | | |
|----|---|---|---------------|
| 2. | Management response to the Audit NZ Management Report for the year ended 30 June 2011 | <p>.....</p> <p>b) a regular monthly monitoring report on the implementation programme be provided by staff to the Finance & Monitoring Committee.</p> <p><i>Council Meeting 24 November 2011</i></p> | Ongoing |
| 3. | Phoenix Programme Status Report | <p>....</p> <p>b) the Phoenix programme office reports a recast budget for the remainder of the programme to the 24 April 2012 Finance and Monitoring Committee, and</p> <p>c) the recast budget tabled at the 24 April Finance & Monitoring Committee address the realisation and reallocation of potential Web programme shared services savings of \$676,000.</p> <p><i>Council Meeting 23 February 2012</i></p> | April 2012 |
| 4. | Soda Inc – Lease Tenancy | <p>....</p> <p>c) Council Staff review the Shareholders Agreement by December 2012 and take appropriate action in accordance with the provisions of Schedule Four of the agreement.</p> <p><i>Council Meeting 23 February 2012</i></p> | December 2012 |
| 5. | Financial Report for the Eight Months Ended February 2012 | <p>....</p> <p>b) the Sustainability Working Group look at energy conservation saving ideas within Council budgets and report back to the next Finance & Monitoring Committee Meeting</p> <p><i>Council Meeting 11 April 2012</i></p> | May 2012 |

Committee: Finance and Monitoring
Committee

Date: 03 May 2012

Report Name: Recommended dates for
reports to be presented to
Finance and Monitoring
Committee

Author: Kay Lindsay

Recommendation

That the report be received.

1. Attachments

2. Attachment 1 - Reports to Finance and Monitoring Committee

3. Purpose of the report

4. This report provides detail of the regular reports that will be presented to this committee as well as estimated timing. Any new reports requested can be added to the attached list.

Signatory

| | |
|------------|--|
| Authoriser | Blair Bowcott, General Manager Performance Group |
|------------|--|

| Reports to Finance and Monitoring Committee | Frequency/Timing 2012 | | | | | | | |
|--|--------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Feb | 27-Mar | 03-May | 26-Jun | 01-Aug | 12-Sep | 23-Oct | 29-Nov |
| Standard Monitoring Reports | | | | | | | | |
| Financial reports/Rates and Debtors Summary | Dec | Feb | Mar | May | June | July | Sept | Oct |
| Key Projects Status Report | Dec | Feb | Mar | May | June | July | Sept | Oct |
| List of standard monitoring reports | x | x | x | x | x | x | x | x |
| Treasury Report | Dec | Feb | Mar | May | June | July | Sept | Oct |
| Claudlands Operational Report | Dec | Feb | Mar | May | June | July | Sept | Oct |
| Audit Issues Update | Dec | x | x | x | x | x | x | x |
| Quarterly Reports | | | | | | | | |
| Financial Forecast (high-level report) | | Jan | | April | | | | |
| Non-financial Reports (KPI's) | Dec | | | | x | | x | |
| CityHeart Project Update | Dec | x | | x | | x | | x |
| Opportunity Hamilton progress report | Dec | | | Mar | June | | Sept | |
| Phoenix Project Update | Dec | x | x | | x | | x | |
| Procurement Report | | | x | | x | | x | |
| Ring Road Progress Report | | | x | | x | | x | |
| WRAL Quarterly Report | | Dec | | Mar | | May | | Sept |
| Waste Water Treatment Plant (WWTP) Report | | | | x | | x | | x |
| Annual Reports (estimated timing) | | | | | | | | |
| Academy of Performing Arts Annual Report | | | | | | x | | |
| Audit Arrangements Letter for Annual accounts | | | | x | | | | |
| Audit Management Letter from Annual Accounts | | | | | | | x | |
| BID progress report (6 monthly) | x | | | | | | | |
| BID Budget and Strategic Programme | | | | | | x | | |
| BID Annual Report | | | | | | x | | |
| Civic Assurance 6 monthly accounts | x | | | | | | | |
| Civic Assurance annual accounts | | | | x | | | | |
| Civic Assurance Statement of Intent (SOI) | | x | | | | | | |
| Creative Hamilton Annual Report | | | | | | x | | |
| Hamilton Riverview Hotel 6 monthly accounts | | | | | | x | | |
| Hamilton Riverview Hotel annual accounts | | | | x | | | | |
| Hamilton Riverview Hotel SOI | | | | x | | | | |
| LASS 6 monthly accounts | | | x | | | | | |
| LASS annual accounts | | | | | | | x | |
| Local Authority Shared Services (LASS) SOI | | | x | | | | | |
| Local Government Funding Authority (LGFA) - 6 mth a/cs | | | | x | | | | |
| Local Government Funding Authority (LGFA) - SOI | | | | | | x | | |
| RTO progress report (6 monthly) | | x | | | | | x | |
| Waikato Regional Airport (WRAL) SOI | | x | | | | | | |
| WRAL annual accounts | | | | | | | x | |
| Confidential Reports | | | | | | | | |
| Overdue Debtors/Bad Debt Writeoffs | Dec | Feb | Mar | May | June | July | Sept | Oct |
| Property - Exposure to Economic Climate | Dec | Feb | | x | | x | | x |
| Property - Valuation and recommendations on portfolio | | | | | | x | | |
| Weathertight Homes Update (Quarterly) | | x | | x | | x | | x |

Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Financial Report for the Nine Months Ended March 2012

Author: Fiona Ferrar

| | |
|---|-----------------------|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Annual Plan</i> |
| Financial overview | <i>For March 2012</i> |

1. **Purpose of the Report**

2. To provide an overview of the financial performance for Hamilton City Council for the nine months ended 31 March 2012.
3. To provide a high level summary of the invoicing and collection of rates, rating statistics, and aged debtors summary for the month ended 31 March 2012.

4. **Executive Summary**

5. **Financial Overview**

6. The Funding Position Summary (Attachment 1) provides information relating to the operating results for the nine months ended 31 March 2012 and **includes** both direct and indirect costs. The key year to date results are shown in the table below:

| | Actual YTD \$000's | Annual Budget \$000's | Restated Annual Budget \$000's |
|---|-----------------------|--------------------------|--------------------------------------|
| Operating Surplus/(Deficit) | 3,860 | (15,157) | 11,681 |
| Rates Funding Surplus | 7,153 | - | (67) |
| Depreciation Funding Shortfall | 13,833 | 15,541 | 18,256 |
| Total Funding Deficit (after adjusting for depreciation) | (6,680) | (15,541) | (18,323) |

7. The restated budget includes the approved Annual Plan for 2011/12, plus the approved carryovers for 2009/2010 and 2010/11 of \$3.9 million, along with the approved surplus brought forward from the 2010/11 financial year of \$626,000. Forecast 1 and 2 adjustments are also included in the restated budget figures predicting a rates deficit of \$67,000 for the year ended 30 June 2012. The large movement in the annual operating budgeted

surplus/deficit is a result of accelerated capital subsidies of \$24.7 million for the Ring Road project.

8. **Rates and Debtors Summary**

The rates collection continues to be good and comparable to prior years

9. **Recommendation/s from Management**

10. That the report be received.

11. **Attachments**

- 12. Attachment 1 - Funding Position Summary for March 2012
- 13. Attachment 2 - Statement of Financial Position for March 2012
- 14. Attachment 3 - Cost of Service Statements for March 2012
- 15. Attachment 4 - Support Service Costs for March 2012
- 16. Attachment 5 - Capital Expenditure Statement for March 2012
- 17. Attachment 6 - Council Reserves for March 2012
- 18. Attachment 7 - Access Hamilton Reserve for March 2012
- 19. Attachment 8 - Depreciation by activity for March 2012
- 20. Attachment 9 - Rates & Debtors Summary Report at 31 March 2012

21. **Key issues**

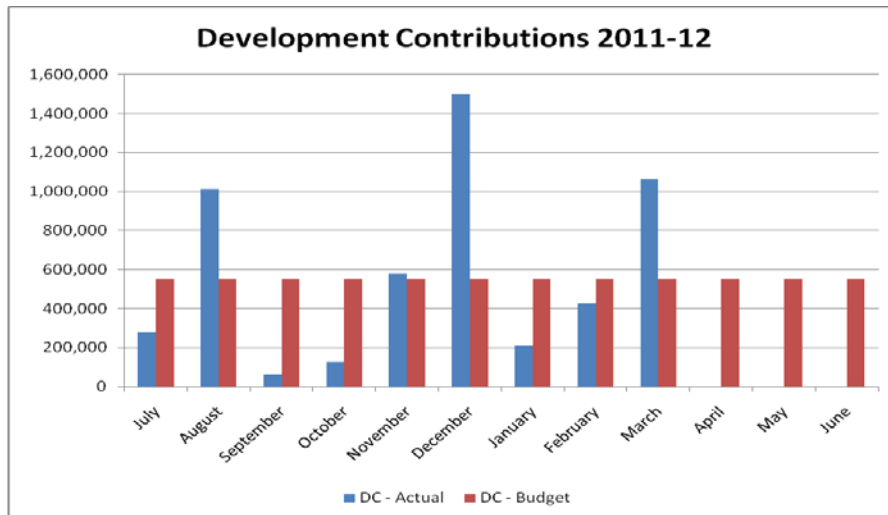
- 22. The variance comments in the individual Cost of Service Statements are comparing the actual YTD figures to the restated budget YTD position for the period ended 31 March 2012. The Cost of Service Statements (Attachment 3) report on the direct costs associated with the activity and excludes the indirect costs, such as depreciation, interest, non cash items and support service costs. The indirect costs are included in the overall Funding Position Summary. A separate cost of service statement is included for support services (Attachment 4) as well as a separate schedule for depreciation (Attachment 8) by activity.

23. **Financial Results**

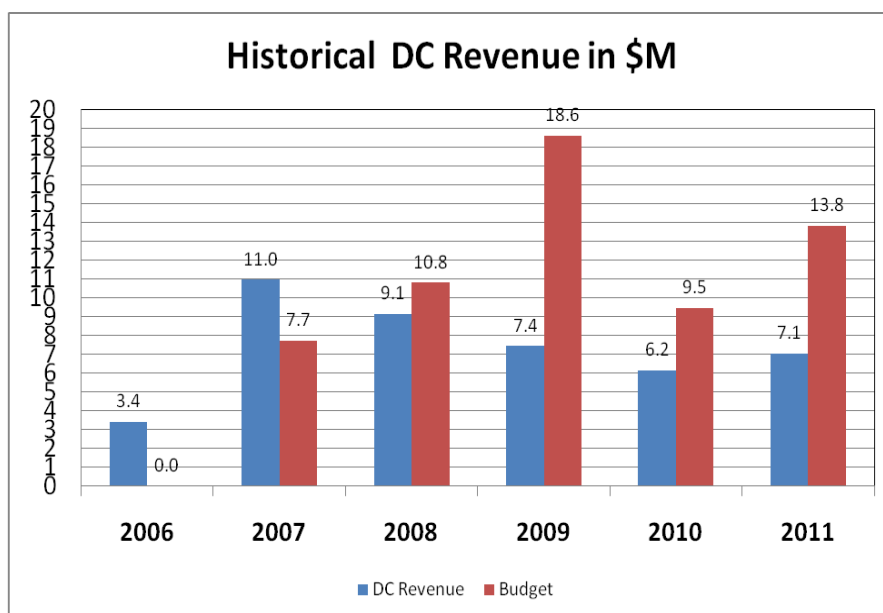
- 24. The operating YTD surplus of \$3.9 million is lower than restated budget YTD due to subsidies in relation to capital works not received in the period budgeted for and a reduction in budgeted revenue items. The restated annual budget has been adjusted to reflect additional capital subsidies of \$24.7 million for the Ring Road. Revenue in relation to the Waikato Stadium has been reduced in the restated budget by \$1.7 million. Further detailed explanations to variances are explained in relation to the revenue items in the individual Cost of Service Statements. The Support Services costs (Attachment 4) are lower than restated budget YTD.

25. **Capital Expenditure**

26. Capital expenditure to 31 March 2012 is \$53 million against a restated budget YTD of \$70 million. Attachment 5 provides a report of capital spend by project with commentary to explain variances to budget.
27. **Reserves**
28. Council has total reserve balances of \$23 million and details of each reserve can be seen in Attachment 6. Further analysis is provided in Attachment 7 for the Access Hamilton Reserve.
29. **Financial Position**
30. The movements in the Statement of Financial Position are mainly due to movements in the investments. External debt (including finance leases) as at 31 March 2012 is \$389 million, offset by short term investments of \$17 million and restricted reserves of \$14 million, resulting in total overall debt of \$386 million.
31. **Current Rates**
32. The collection of the 2011/12 rates as at 31 March 2012 is 98% of the total rates billed to 31 March 2012 (after deducting accounts paid in advance), being the second quarter of the rating year.
33. **Rates Arrears**
34. There have been good results in the collection of the 2010/11 years' rates arrears. The outstanding figure carried forward from 30 June 2011 of \$3.0 million has been reduced to \$108,825 as at 31 March 2012, which represents a 96.4% collection rate for the full year. Refer Attachment 9.
35. **Sundry Debtors**
36. Debtors greater than 90 days are \$471,073 as at 31 March 2012. These are detailed in a separate confidential report. These debts are actively pursued by the Sundry Debtors staff and placed in the hands of the debt collection agents when arrangements are not satisfactory. Refer attachment 9.
37. **Risks and legal implications**
38. **Development Contributions**
39. The development contributions reserve is in surplus of \$1.3 million with financing charges on development contribution loans being lower compared to budget for the year to date. Income from development contributions exceeds budget YTD by \$311,000.



40. Historical Development Contributions



Signatory

| | |
|------------|--|
| Authoriser | Amanda Harman, Chief Financial Officer |
|------------|--|

Funding Position Summary

As At 31 March 2012

Attachment 1

\$000's

| | Year to Date | | | Note | Annual Budget | *Restated Budget |
|--|--------------|-----------------|----------------|------|---------------|------------------|
| | Actual YTD | Restated Budget | Variance F/(U) | | | |
| OPERATING STATEMENT | | | | | | |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 31,823 | 32,109 | (286) | 1 | 50,640 | 42,396 |
| - Subsidy for operating expenditure | 4,215 | 5,106 | (891) | 1 | 5,057 | 6,077 |
| Targeted rates - Access Hamilton | 902 | 900 | 2 | | 1,200 | 1,200 |
| - Water by meter | 4,892 | 5,137 | (243) | 1 | 6,849 | 6,849 |
| Development contributions | 5,262 | 4,950 | 311 | 2 | 6,600 | 6,600 |
| Subsidy for capital works | 23,975 | 31,963 | (7,987) | 3 | 8,185 | 38,916 |
| General rates | 86,871 | 86,914 | (43) | | 115,761 | 115,886 |
| Other general sources | 2,261 | 4,244 | (1,983) | 4 | 4,209 | 5,029 |
| Total operating revenue | 160,202 | 171,322 | (11,120) | | 198,500 | 222,954 |
| OPERATING EXPENDITURE | | | | | | |
| Group of activity expenditure | 82,914 | 90,459 | 7,546 | 1 | 119,199 | 117,190 |
| Indirect - Depreciation | 39,792 | 41,461 | 1,670 | 5 | 55,282 | 55,282 |
| - Interest | 16,744 | 16,882 | 137 | 6 | 26,433 | 22,733 |
| - Other non-cash | 6,343 | - | (6,343) | 7 | - | - |
| - Support service net direct cost allocations | 10,545 | 11,833 | 1,288 | 8 | 12,744 | 16,068 |
| - Support service loss on write downs | 3 | - | (3) | | - | - |
| Total Indirect Expenditure | 73,427 | 70,176 | (3,251) | | 94,459 | 94,083 |
| Total operating expenditure | 156,342 | 160,636 | 4,294 | | 213,658 | 211,273 |
| Operating surplus/(deficit) | 3,860 | 10,686 | (6,826) | | (15,157) | 11,681 |
| less Depreciation (non-cash item) | (39,792) | (41,461) | (1,670) | | (55,282) | (55,282) |
| less Support service (loss)/gain on sale (non-cash item) | (3) | - | 3 | | - | - |
| less Other non-cash | (6,343) | - | 6,343 | | - | - |
| Operating cash surplus/(deficit) | 49,998 | 52,146 | (2,148) | | 40,125 | 66,963 |
| CAPITAL AND RESERVES FUNDING STATEMENT | | | | | | |
| CAPITAL EXPENDITURE | 53,337 | 70,044 | 16,706 | 9 | 70,729 | 107,470 |
| Loan repayments | 8,886 | 8,699 | (186) | 10 | 8,887 | 8,647 |
| Transfers to reserves | 17,172 | 18,324 | 1,151 | | 14,399 | 38,225 |
| Local Government Funding Agency Investment | 2,000 | 2,500 | 500 | 11 | 2,500 | 2,500 |
| Total funding required | 81,396 | 99,566 | 18,170 | | 96,515 | 156,842 |
| Funded by: | | | | | | |
| Operating cash surplus | 49,998 | 52,146 | (2,148) | | 40,125 | 66,963 |
| Asset sales/Insurance Proceeds | 8,166 | 8,034 | 132 | 12 | 200 | 10,515 |
| Loans raised | 18,564 | 24,479 | (5,913) | 10 | 37,728 | 61,742 |
| Transfers from reserves | 7,264 | 9,193 | (1,929) | | 18,462 | 12,998 |
| Surplus brought forward from 2010 - 2011 | 626 | 626 | - | | - | 626 |
| Carryovers brought forward from 2010 - 2011 | 3,931 | 3,931 | - | | - | 3,931 |
| Total funding applied | 88,549 | 98,411 | (9,860) | | 96,515 | 156,775 |
| Funding cash surplus/(deficit) | 7,153 | (1,155) | 8,310 | | - | (67) |
| Depreciation funding shortfall | 13,833 | 13,845 | 12 | | 15,541 | 18,256 |
| Total funding surplus/(deficit) | (6,680) | (15,000) | 8,298 | | (15,541) | (18,323) |

Notes:

- 1 Refer individual Cost of Service Statements for explanations.
 - 2 Income from development contributions is slightly above restated budget year to date.
 - 3 Variance is due to Tainui Group Holdings contribution not yet received due to the delay in signalisation at The Base.
 - 4 Refer to the Transport Cost of Service Statement for further explanation.
 - 5 Asset capitalisation not in line with estimated budget as a result of delays in scheduled programmes.
 - 6 Interest in line with anticipated savings as a result of restated budgets due to lower interest rates.
 - 7 Prior years capital expenditure reclassified as operating operating expenditure.
 - 8 Refer to Support Services Statement for individual explanations.
 - 9 Refer to the Capital Expenditure Statement for individual explanations.
 - 10 Reduced Loan raising as a result of planned projects scheduled for later start dates in relation to the year to date budget.
 - 11 LGFA investment lower than anticipated.
 - 12 Includes deposit monies received for the partial sale of V8 assets of \$625K.
- * Restated budget column includes the approved budget, plus carryovers, forecast 1 and 2 and the surplus carried forward from 2010/11.

STATEMENT OF FINANCIAL POSITION

As At 31 March 2012

| | \$000's | |
|--------------------------------------|------------------|------------------|
| | Actual | Annual Budget |
| Equity | | |
| Retained earnings | 1,587,239 | 1,575,314 |
| Revaluation reserves | 1,504,465 | 1,488,955 |
| Restricted reserves | 13,502 | 5,503 |
| Council created reserves | 9,443 | 7,336 |
| Total Equity | 3,114,649 | 3,077,108 |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 119 | 250 |
| Debtors and other receivables | 15,438 | 13,600 |
| Investments | 16,850 | - |
| Inventories | 513 | 674 |
| Total Current Assets | 32,920 | 14,524 |
| Non-Current Assets | | |
| Property, plant and equipment | 3,436,662 | 3,450,773 |
| Investment property | 43,368 | 53,827 |
| Intangible assets | 2,085 | 16,968 |
| Other financial assets | 6,578 | 6,283 |
| Investment in associates | 39,152 | 13,430 |
| Total Non-Current Assets | 3,527,845 | 3,541,281 |
| Total Assets | 3,560,765 | 3,555,805 |
| Liabilities | | |
| Current Liabilities | | |
| Creditors and other payables | 14,933 | 27,823 |
| Provisions | 1,875 | 2,200 |
| Employee entitlements | 4,039 | 5,800 |
| Borrowings | 121,705 | 108,395 |
| Derivative financial liabilities | 82 | - |
| Total Current Liabilities | 142,634 | 144,218 |
| Non-Current Liabilities | | |
| Employee entitlements | 1,804 | 1,800 |
| Borrowings | 268,249 | 324,879 |
| Provisions | 7,536 | 7,800 |
| Derivative financial liabilities | 25,893 | - |
| Total Non-Current Liabilities | 303,482 | 334,479 |
| Total Liabilities | 446,116 | 478,697 |
| Net assets | 3,114,649 | 3,077,108 |

CITY PROFILE

Attachment 3

Cost of Service for the period ended 31 March 2012

\$'000's

| | Year To Date | | Variance | | Annual | Restated |
|--|--------------|--------------------|------------|------|---------------|---------------|
| | Actual | Restated Budget | F/(U) | Note | Budget | Budget |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 4,950 | 4,952 | (2) | | 6,697 | 6,219 |
| General rates | 3,150 | 3,152 | (2) | | 4,198 | 4,203 |
| Total operating revenue | 8,100 | 8,104 | (4) | | 10,895 | 10,422 |
| OPERATING EXPENDITURE | | | | | | |
| City promotion | 4,627 | 4,558 | (70) | 1 | 4,736 | 5,089 |
| Economic development | 1,306 | 1,355 | 49 | | 2,076 | 2,233 |
| Strategic property investment | 1,132 | 1,169 | 37 | | 1,266 | 1,628 |
| Total operating expenditure | 7,065 | 7,081 | 17 | | 8,078 | 8,951 |
| Operating surplus/(deficit) | 1,036 | 1,023 | 13 | | 2,818 | 1,471 |
| CAPITAL EXPENDITURE | | | | | | |
| | - | - | - | | 23 | - |

Notes:

- 1 Expenditure is unfavourable due to the timing of various event sponsorship payments

Notes are provided on variances that exceed \$50K

CITY SAFETY

Cost of Service for the period ended 31 March 2012

\$000's

| | Year To Date | | Variance | Note | Annual | Restated |
|--|--------------|-----------------|--------------|------|--------------|--------------|
| | Actual | Restated Budget | F/(U) | | Budget | Budget |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 1,315 | 1,328 | (13) | | 1,620 | 1,408 |
| - Subsidy for operating expenditure | 341 | 246 | 94 | 1 | 35 | 246 |
| General rates | 1,756 | 1,757 | (1) | | 2,340 | 2,343 |
| Total operating revenue | 3,412 | 3,331 | 80 | | 3,995 | 3,997 |
| OPERATING EXPENDITURE | | | | | | |
| Emergency management | 311 | 289 | (22) | | 394 | 390 |
| Animal care and control | 822 | 776 | (46) | | 1,059 | 1,058 |
| Central city safety | 605 | 545 | (59) | 2 | 706 | 730 |
| Environmental health | 632 | 657 | 26 | | 887 | 886 |
| Total operating expenditure | 2,370 | 2,268 | (101) | | 3,046 | 3,065 |
| Operating surplus/(deficit) | 1,043 | 1,064 | (21) | | 949 | 932 |
| CAPITAL EXPENDITURE | | | | | | |
| | 14 | 2 | (12) | | 21 | 2 |

Notes

- 1 City ambassadors Ministry of Justice subsidy funding 58k favourable and Emergency Management contributions from partner group members 36k favourable.
- 2 City ambassadors project costs funded by Ministry of Justice subsidy with the funding revenue included above in note 1.

Notes are provided on variances that exceed \$50K

Item 7

Attachment 3

COMMUNITY DEVELOPMENT AND AMENITIES

Cost of Service for the period ended 31 March 2012

\$'000's

| | Year To Date | | | | | \$000s |
|--|--------------|-----------------|----------------|------|---------------|-----------------|
| | Actual | Restated Budget | Variance F/(U) | Note | Annual Budget | Restated Budget |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 3,141 | 3,154 | (13) | | 3,851 | 4,123 |
| - Subsidy for operating expenditure | 356 | 357 | (2) | | 249 | 395 |
| General rates | 11,836 | 11,836 | 0 | | 15,772 | 15,789 |
| Total operating revenue | 15,333 | 15,347 | (15) | | 19,872 | 20,307 |
| OPERATING EXPENDITURE | | | | | | |
| Community development | 2,726 | 2,839 | 113 | 1 | 3,656 | 3,594 |
| Libraries | 4,289 | 4,384 | 96 | 2 | 6,043 | 6,056 |
| Community centres and halls | 678 | 681 | 3 | | 906 | 913 |
| Housing for older people | 966 | 1,002 | 36 | | 1,374 | 1,336 |
| Cemeteries and crematorium | 780 | 794 | 14 | | 1,046 | 1,092 |
| Public toilets | 435 | 458 | 22 | | 616 | 617 |
| Total operating expenditure | 9,874 | 10,157 | 283 | | 13,641 | 13,609 |
| Operating surplus/(deficit) | 5,459 | 5,190 | 268 | | 6,231 | 6,698 |

| | | | | | | |
|----------------------------|--------------|--------------|------------|--|--------------|--------------|
| CAPITAL EXPENDITURE | 1,075 | 1,355 | 279 | | 1,761 | 1,747 |
|----------------------------|--------------|--------------|------------|--|--------------|--------------|

Notes:

- 1 Favourable variance in Employment Development 30K due to savings being made to offset costs associated with downsizing, and to cover increased wage costs of trainees (due to increase in minimum wages rates as from 1 April 2012). Employment Development downsizing of operations has been included in LTP. Favourable timing variances in Youth Development for social well-being projects 8K, and Social Development for afterschool programmes 5K, holiday programmes 6K, youth sport grants 4K, and production of the new settlers handbook 4K. The balance of the favourable variance is a number of minor savings across the community development activities.
- 2 Savings in libraries labour costs (due to vacancies), training, marketing, leases, and a number of smaller budgets, to offset the estimated restructuring costs (due to be incurred in April 2012), and the lower than anticipated revenue from Waikato District Council. Labour savings and reduced Waikato District Council revenue have been included in the 10 year plan.

Notes are provided on variances that exceed \$50K

EVENT AND CULTURAL VENUES

Cost of Service for the period ended 31 March 2012

\$000's

| | Year To Date | | Variance | | | |
|--|---------------|-----------------|--------------|------|---------------|-------------------|
| | Actual | Restated Budget | F/(U) | Note | Annual Budget | * Restated Budget |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 5,429 | 5,795 | (366) | 1 | 15,813 | 8,434 |
| General rates | 8,952 | 8,956 | (4) | | 11,929 | 11,942 |
| Total operating revenue | 14,381 | 14,751 | (370) | | 27,742 | 20,376 |
| OPERATING EXPENDITURE | | | | | | |
| Waikato stadium | 3,771 | 3,988 | 217 | 2 | 6,747 | 5,429 |
| Claudeland events centre | 3,235 | 3,251 | 16 | | 8,162 | 4,673 |
| Theatres | 1,883 | 1,861 | (22) | | 2,572 | 2,529 |
| Seddon park | 895 | 895 | 1 | | 1,150 | 1,134 |
| Waikato museum | 3,598 | 3,471 | (127) | 3 | 4,386 | 4,591 |
| Total operating expenditure | 13,381 | 13,467 | 85 | | 23,016 | 18,356 |
| Operating surplus/(deficit) | 1,000 | 1,284 | (284) | | 4,726 | 2,020 |
| CAPITAL EXPENDITURE | | | | | | |
| | 877 | 1,152 | 275 | | 749 | 1,256 |

Notes

1 Waikato Stadium

- Lease rental and hireage is 152K below budget due to timing of new lease agreements with rugby. Majority of rental is now based on ticket sales with a significant portion coming from super rugby which started in February 2012 and the test match scheduled for June 2012. It is anticipated that there will be no significant variance at 30 June 2012.
- Recoveries revenue unfavourable variance 99K is offset by favourable variance on recoverable expenditure.
- Catering 'through-put' is unfavourable 55K, this is offset by the equivalent favourable expenditure.
- Stadium signage revenue is unfavourable 89K. It is unlikely to meet budget by year end and will have to be offset by expenditure savings.

2 Waikato Stadium

- 99K favourable variance on recoverable expenditure is offset by unfavourable recoveries revenue.
- 55K catering through-put is below budget but offset by equivalent unfavourable revenue variance.
- 34K favourable timing variance on turf management.

3 Waikato Museum

- 117K exhibition costs above budget will be funded by savings from vacant positions, sponsorship revenue and sale of surplus items from closed exhibitions.
- 9K unfavourable timing variances in minor equipment purchases.

Notes are provided on variances that exceed \$50K

DEMOCRACY**Cost of Service for the period ended 31 March 2012**

\$000's

| | Year To Date | | | | Annual Budget | Restated Budget |
|--|--------------|-----------------|----------------|------|---------------|-----------------|
| | Actual | Restated Budget | Variance F/(U) | Note | | |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 17 | 21 | (5) | | 28 | 28 |
| General rates | 4,170 | 4,172 | (2) | | 5,557 | 5,563 |
| Total operating revenue | 4,187 | 4,194 | (7) | | 5,585 | 5,591 |
| OPERATING EXPENDITURE | | | | | | |
| Representation and civic affairs | 1,232 | 1,229 | (4) | | 1,668 | 1,656 |
| Partnership with Maori | 134 | 199 | 64 | 1 | 265 | 265 |
| Total operating expenditure | 1,367 | 1,428 | 61 | | 1,933 | 1,921 |
| Operating surplus/(deficit) | 2,820 | 2,766 | 54 | | 3,652 | 3,671 |

Notes:

1 Expenditure is favourable due to a change in the payment cycle for the new contract

Notes are provided on variances that exceed \$50K

RECREATION

Cost of Service for the period ended 31 March 2012

\$'000's

| | Year To Date | | | Note | Annual Budget | * Restated Budget |
|--|--------------|-----------------|----------------|------|---------------|-------------------|
| | Actual | Restated Budget | Variance F/(U) | | | |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 3,855 | 3,899 | (45) | | 4,937 | 5,039 |
| - Subsidy for operating expenditure | 368 | 250 | 118 | 1 | 89 | 365 |
| Development contributions | 1,223 | 1,082 | 140 | 2 | 1,443 | 1,443 |
| General rates | 19,037 | 19,046 | (9) | | 25,367 | 25,394 |
| Other general sources | 741 | 1,017 | (275) | 3 | 1,301 | 1,677 |
| Total operating revenue | 25,223 | 25,293 | (71) | | 33,137 | 33,917 |
| OPERATING EXPENDITURE | | | | | | |
| Parks and gardens | 5,828 | 6,388 | 559 | 4 | 8,606 | 9,173 |
| Sports areas | 2,180 | 2,259 | 80 | 5 | 2,950 | 3,049 |
| Zoo | 1,727 | 1,769 | 42 | | 2,389 | 2,406 |
| Swimming facilities | 4,201 | 4,198 | (4) | | 5,581 | 5,644 |
| Total operating expenditure | 13,936 | 14,613 | 677 | | 19,526 | 20,272 |
| Operating surplus/(deficit) | 11,287 | 10,680 | 606 | | 13,611 | 13,646 |
| CAPITAL EXPENDITURE | 1,915 | 2,541 | 627 | | 13,067 | 8,466 |

Notes

- 1 Ministry of Education crèche funding received has exceeded budget by 119K, which is partly offset by the cost of providing the service.
- 2 Based on the current level of growth.
- 3 - 181K less contributions being received from reserve contributions. Reserve contributions income budgets have been revised in the LTP.
- Fantasy garden 40K awaiting completion of specific components before capital contribution will be received.
- 4 **Parks and Gardens**
- Favourable timing variance in maintenance due to staff and resources availability 83K. Work now scheduled for May and June 2012
- Favourable timing variances in Amenity Parks structures maintenance 17K, and professional fees 40K, and Natural Areas contractor services 25K, to be used to repair the river walkways following assessment of structures by engineers.
- Car park refurbishment works have been rescheduled to April 2012 30K.
- Favourable timing variance in Natural Areas due to delays in preparation of sites for planting season (starting late April 2012).
- Fountains expenditure currently favourable 36K but the Garden Place fountain has now come out of the contract maintenance period and the Dame Hilda Ross fountain requires significant maintenance to the pump and power supply.
- Fencing contribution requests currently lower than anticipated 32K.
- Favourable variance in valuations required for meeting consent conditions 17K likely to be a saving due the slowing of development and minimal land acquisition.
- Hamilton Gardens planting deferred to April 2012 35K.
- General maintenance in Hamilton Gardens being deferred until April 2012 due to resource availability and weather conditions 48K.
- Savings in Hamilton Gardens pavilion cleaning, security, electricity, and recoverable expenditure 22K, partially offsets lower than anticipated revenue.
- 5 Favourable timing variances in field renovation programme 38K (completed April 2012), road & car park maintenance 19K (to be completed in April / May 2012), netball courts maintenance 9K (to be completed in April 2012), and fencing contributions 6K being subject to timing of requests / claims from neighbours of sports parks.

Notes are provided on variances that exceed \$50K

TRANSPORTATION

Cost of Service for the period ended 31 March 2012

\$000's

| | Year To Date | | | Note | Annual Budget | Restated Budget |
|--|--------------|-----------------|----------------|------|---------------|-----------------|
| | Actual | Restated Budget | Variance F/(U) | | | |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 6,036 | 6,179 | (143) | 1 | 8,068 | 8,028 |
| - Subsidy for operating expenditure | 3,151 | 4,253 | (1,102) | 2 | 4,684 | 5,072 |
| Targeted rates - Access Hamilton | 902 | 900 | 2 | | 1,200 | 1,200 |
| Development contributions | 1,217 | 1,203 | 14 | | 1,604 | 1,604 |
| Subsidy for capital works | 23,975 | 31,963 | (7,987) | 3 | 8,185 | 38,917 |
| General rates | 14,619 | 14,627 | (7) | | 19,482 | 19,503 |
| Other general sources | 476 | 1,999 | (1,523) | 2 | 1,726 | 2,079 |
| Total operating revenue | 50,377 | 61,123 | (10,746) | | 44,949 | 76,404 |
| OPERATING EXPENDITURE | | | | | | |
| Transportation network | 11,048 | 14,903 | 3,855 | 2 | 17,648 | 17,941 |
| Parking enforcement | 1,992 | 1,965 | (27) | | 2,915 | 2,542 |
| Total operating expenditure | 13,040 | 16,868 | 3,828 | | 20,563 | 20,483 |
| Operating surplus/(deficit) | 37,336 | 44,254 | (6,918) | | 24,386 | 55,921 |
| CAPITAL EXPENDITURE | | | | | | |
| | 36,877 | 44,929 | 8,051 | | 27,245 | 63,055 |

Notes

- 1 Off Street Parking 61k and Petrol tax income 165k unfavourable to budget. The petrol tax variance will be monitored as the revenue is subject to seasonal factors and reported as part of the final forecast if need be.
- 2 The project to signalise the intersection of SH1 at The Base has been delayed, meaning the contribution we were expecting from Tainui has not been received yet. Unfavourable variance in revenue is offset by favourable variance in expenditure.
- 3 The slowing down of the Ring Rd has resulted in lower subsidies. These subsidies will now be received next year when the work is completed.

Notes are provided on variances that exceed \$50K

URBAN DEVELOPMENT

Cost of Service for the period ended 31 March 2012

\$000's

| | Year To Date | | Variance | | Annual | Restated |
|--|--------------|-----------------|-----------|------|--------------|--------------|
| | Actual | Restated Budget | F/(U) | Note | Budget | Budget |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 3,785 | 3,753 | 32 | | 5,198 | 5,148 |
| General rates | 3,451 | 3,453 | (2) | | 4,599 | 4,604 |
| Total operating revenue | 7,236 | 7,206 | 30 | | 9,797 | 9,752 |
| OPERATING EXPENDITURE | | | | | | |
| City planning | 1,809 | 1,797 | (12) | | 2,756 | 2,737 |
| Planning guidance | 1,252 | 1,241 | (11) | | 1,646 | 1,637 |
| Building control | 2,585 | 2,599 | 14 | | 3,273 | 3,733 |
| Sustainable environment | 210 | 220 | 10 | | 520 | 395 |
| Total operating expenditure | 5,856 | 5,857 | 1 | | 8,195 | 8,501 |
| Operating surplus/(deficit) | 1,381 | 1,349 | 31 | | 1,601 | 1,251 |

Notes are provided on variances that exceed \$50K

Item 7

Attachment 3

WASTE MINIMISATION

Cost of Service for the period ended 31 March 2012

| | Year To Date | | Variance | | \$000's | |
|--|--------------|-----------------|-------------|------|---------------|-----------------|
| | Actual | Restated Budget | F/(U) | Note | Annual Budget | Restated Budget |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 252 | 248 | 5 | | 850 | 325 |
| General rates | 3,936 | 3,938 | (2) | | 5,245 | 5,251 |
| Other general sources | 286 | 351 | (66) | 1 | 392 | 395 |
| Total operating revenue | 4,474 | 4,537 | (63) | | 6,487 | 5,970 |
| OPERATING EXPENDITURE | | | | | | |
| Refuse and recycling | 3,583 | 3,680 | 97 | 2 | 5,028 | 5,095 |
| Total operating expenditure | 3,583 | 3,680 | 97 | | 5,028 | 5,095 |
| Operating surplus/(deficit) | 891 | 857 | 34 | | 1,458 | 876 |
| CAPITAL EXPENDITURE | | | | | | |
| | 96 | 419 | 323 | | 221 | 596 |

Notes:

- 1 This is a timing variance associated with the waste levy, the funds are received quarterly and trend data indicates that when the final quarter is received we will be close to annual budget.
- 2 There is timing variance with the maintenance and monitoring costs at Horotiu landfill as staff work through the resource consent issues, a programme of work is in place to expend this by year end.

Notes are provided on variances that exceed \$50K

WATER MANAGEMENT

Cost of Service for the period ended 31 March 2012

\$000's

| | Year To Date | | | | Annual Budget | *Restated Budget |
|--|--------------|-----------------|----------------|------|---------------|------------------|
| | Actual | Restated Budget | Variance F/(U) | Note | | |
| OPERATING REVENUE | | | | | | |
| Activity revenue - User charges and fees | 3,051 | 2,787 | 264 | 1 | 3,567 | 3,651 |
| Targeted rates - Water by meter | 4,892 | 5,137 | (244) | 2 | 6,849 | 6,849 |
| Development contributions | 2,822 | 2,665 | 157 | 3 | 3,553 | 3,553 |
| General rates | 15,963 | 15,971 | (8) | | 21,272 | 21,295 |
| Other general sources | 751 | 873 | (122) | 4 | 1,210 | 1,300 |
| Total operating revenue | 27,480 | 27,433 | 47 | | 36,450 | 36,647 |
| OPERATING EXPENDITURE | | | | | | |
| Water supply | 4,544 | 4,523 | (21) | 5 | 5,823 | 6,308 |
| Wastewater | 6,684 | 7,504 | 820 | 6 | 9,014 | 10,270 |
| Stormwater | 1,215 | 1,286 | 71 | 7 | 1,965 | 1,894 |
| Total operating expenditure | 12,443 | 13,312 | 869 | | 16,802 | 18,473 |
| Operating surplus/(deficit) | 15,037 | 14,121 | 916 | | 19,648 | 18,174 |
| CAPITAL EXPENDITURE | | | | | | |
| | 7,592 | 12,817 | 5,225 | | 19,841 | 21,036 |

Notes

- 1 Tradewaste is tracking higher by 35K but this is seasonal with the annual budget remaining on target. General contributions account for the balance but these directly off-set against expenditure. The significant amounts include 77K from Waikato District for the bulk meters associated with the boundary changes and 55K from Waikato District for input into the 3 water strategy.
- 2 This is timing and reflects seasonal demand for water. Based on trend data analysis budget target is expected to be met.
- 3 Based on current level of growth.
- 4 Contributions from customer connections are down.
- 5 There a number of favourable timing variances, however there is also additional expenditure of 132K for the 3 water strategy and meter management, but these are off-set from external contribution (see note 1).
- 6 There are two significant timing variances, the development of the 3 Water Model at 390K, a large portion of work has been commissioned and work is expected to be complete by end of year. The balance is around the internal service level agreement and Tradewaste management, these variances are being managed across the activity and overall budget target is expected to be met by end of year.
- 7 Minor timing variances, overall budget is on target for the year end.

Notes are provided on variances that exceed \$50K

Item 7

Attachment 3

SUPPORT SERVICES

Attachment 4

Cost of Service for the period ended 31 March 2012

\$000's

| | Year To Date | | Variance F/(U) | Note | Annual Budget | *Restated Budget |
|--|---------------|--------------------|-------------------|------|------------------|---------------------|
| | Actual | Restated Budget | | | | |
| Chief Executives office | 713 | 721 | 8 | | 615 | 906 |
| City delivery | (111) | (156) | (45) | | (248) | (245) |
| City development | (93) | 51 | 144 | 1 | (501) | 84 |
| City parks | (712) | (635) | 77 | 2 | (848) | (847) |
| City safe administration | 169 | 174 | 4 | | 231 | 231 |
| Communication and marketing | 838 | 928 | 90 | 3 | 1,365 | 1,235 |
| Community development administration | 193 | 200 | 7 | | 248 | 274 |
| Community services administration | 290 | 323 | 33 | | 349 | 434 |
| Democratic and administration services | 156 | 171 | 15 | | 227 | 227 |
| Environmental services administration | 447 | 464 | 17 | | 509 | 635 |
| Events facilities administration | 1,127 | 1,061 | (66) | 4 | 993 | 1,402 |
| Finance | 2,466 | 2,601 | 135 | 5 | 3,554 | 3,457 |
| Human resources | 1,247 | 1,328 | 81 | 6 | 1,988 | 1,829 |
| Information services | 4,810 | 5,045 | 234 | 7 | 6,047 | 6,956 |
| Leisure facilities | 118 | 118 | (1) | | 168 | 215 |
| Nursery | 46 | 190 | 143 | 8 | 86 | 92 |
| Parks and gardens administration | 1,207 | 1,252 | 45 | | 1,791 | 1,704 |
| Organisational development | 270 | 257 | (14) | | 518 | 360 |
| Programme and finance administration | 435 | 420 | (15) | | 564 | 572 |
| Programme management | 227 | 210 | (17) | | 222 | 303 |
| Property management | (5,637) | (5,318) | 319 | 9 | (6,969) | (7,086) |
| Public affairs | 283 | 264 | (18) | | 311 | 353 |
| Strategic | 1,286 | 1,369 | 83 | 10 | 1,478 | 1,889 |
| Transportation business unit | (179) | (173) | 6 | | (695) | (237) |
| Water and waste services | (254) | (308) | (54) | 11 | (720) | (419) |
| Works and services administration | 1,203 | 1,279 | 76 | 12 | 1,464 | 1,743 |
| Total support services (net direct costs) | 10,545 | 11,833 | 1,288 | | 12,746 | 16,068 |
| Depreciation | 8,852 | 8,460 | (392) | | 11,280 | 11,280 |
| Interest | 967 | 983 | 16 | | 1,514 | 1,311 |
| WIP reclassifications | 2 | - | (2) | | - | - |
| Loss/(gain) on sale | 3 | - | (3) | | - | - |
| Total support services | 20,369 | 21,276 | 908 | | 25,540 | 28,659 |
| CAPITAL EXPENDITURE | 4,891 | 6,829 | 1,938 | | 7,802 | 11,268 |

Notes

- 1 There are savings in salaries, due to vacancies and a redundancy. As the Unit is required to fully recover costs from internal charging, any surplus will be advised as part of the final forecast.
- 2 This is timing with the Unit expecting to meet budget targets by end of the financial year.
- 3 Communication and Marketing's overall operating costs are currently lower than anticipated. Any overall savings will be included in the final forecast.
- 4 Unfavourable timing variances, in Event Facilities Administration marketing 44K, recoverable expenses 6K, and lease payments 9K.
- 5 Finance is favourable predominantly due to the timing of the current asset revaluation programme 40K, and lower than anticipated property valuation numbers 45K. There are also a number of sundry operational savings. Any savings achieved within Finance will be used to offset the additional costs associated with the interim CFO position.
- 6 Human Resources' overall operating costs are currently lower than anticipated, after allowing for any one off costs resulting from the unit restructure. Any overall savings will be included in the final forecast.
- 7 Information services is favourable due to delays in the scoping of various IT infrastructure and data projects 134K and the timing of support and licence payments 100K.
- 8 Favourable timing variance in Nursery stock valuation changes.
- 9 Property Management is favourable due to lower than anticipated repairs and maintenance expenditure. Any overall savings in the programme will be included in the final forecast.
- 10 Strategy's overall operating costs are currently lower than anticipated. Any overall savings will be included in the final forecast.
- 11 This is timing with the Unit expecting to meet budget targets by end of the financial year.
- 12 This is timing with the Unit expecting to meet budget targets by end of the financial year.

**Refer to the Capital Expenditure Statement for commentaries.

Notes are provided on variances that exceed \$50K

Capital Expenditure Statement for the period 31 March 2012

| | | Capital or Renewals | Year to Date | | | \$000's | | Comments (variances over \$50K) |
|---|---------------|---------------------------|--------------|--------------------|------------------|--------------------|------------------|---|
| | Project No | | Actual | Restated Budget | Annual Budget | Restated Budget | Variance F(U) | |
| City Profile | | | | | | | | |
| Events Sponsorship | | | | | | | | |
| Christmas Festive Season | 85 | C | | | 23 | | | |
| | | | | | 23 | | | |
| Total City Profile | | | | | 23 | | | |
| City Safety | | | | | | | | |
| Central City Safety | | | | | | | | |
| Maintaining city safe technolo | 987 | R | 14 | 2 | 21 | 2 | (12) | The security camera failed during Rugby World cup additional income received in operating |
| | | | 14 | 2 | 21 | 2 | (12) | |
| Total City Safety | | | 14 | 2 | 21 | 2 | (12) | |
| Community Services and Amenities | | | | | | | | |
| Libraries | | | | | | | | |
| Library Book Purchases | 106 | R | 1,030 | 1,047 | 1,453 | 1,393 | 16 | |
| Libraries Asset Renewal | 698 | R | 19 | 63 | 94 | 94 | 44 | |
| Libraries Improvement Prog | 699 | C | 36 | 28 | 42 | 42 | (8) | |
| | | | 1,085 | 1,138 | 1,589 | 1,529 | 52 | |
| Community Facilities | | | | | | | | |
| Comm facility assets renewals | 882 | R | 11 | 12 | 12 | 12 | | |
| | | | 11 | 12 | 12 | 12 | | |
| Housing Services | | | | | | | | |
| Housing Upgrade Programme | 654 | C | (25) | 35 | | 35 | 60 | Favourable due to timing of remaining project work |
| | | | (25) | 35 | | 35 | 60 | |
| Cemeteries and Crematorium | | | | | | | | |
| Cem. Burial Lawn Extensions | 844 | C | 3 | 11 | | 11 | 8 | |
| | | | 3 | 11 | | 11 | 8 | |
| Toilets | | | | | | | | |
| Public Toilets | 221 | C | 1 | 160 | 160 | 160 | 159 | Favourable timing variance due delays caused by location change from Days Park to Swarbrick Landing. Installation will be in June 2012. |
| | | | 1 | 160 | 160 | 160 | 159 | |
| Total Community Services and Amenities | | | 1,076 | 1,355 | 1,761 | 1,747 | 279 | |
| Event and Cultural Venues | | | | | | | | |
| Waikato Stadium | | | | | | | | |
| Waik Stad No1 Grnd Turf Renew | 488 | R | | 27 | 27 | 27 | 27 | |
| Waikato Stadium Asset Renewal | 531 | R | 122 | 108 | 123 | 123 | (14) | |
| | | | 122 | 135 | 150 | 150 | 13 | |
| Claudlands Events Centre | | | | | | | | |
| Claudlands Events Centre | 524 | C | 462 | 469 | | 469 | 7 | |
| Equipment Hire Pool | 667 | C | 84 | 87 | 103 | 103 | 3 | |
| Renewals | 671 | R | 12 | 72 | 75 | 75 | 60 | Rescheduled to April and May 2012. |
| | | | 558 | 628 | 178 | 647 | 70 | |

C = New Capital R= Renewal Capital

Attachment 5

Item 7

Attachment 5

Capital Expenditure Statement for the period 31 March 2012

| | | Capital or Renewals | Year to Date | | | | \$000's | |
|-----------------------------------|---------------|---------------------------|--------------|--------------------|------------------|--------------------|------------------|--|
| | Project No | | Actual | Restated Budget | Annual Budget | Restated Budget | Variance F(U) | Comments (variances over \$50K) |
| Hamilton City Theatres | | | | | | | | |
| Theatre Eqpmnt Renewal Improvmt | 220 | R | 71 | 212 | 217 | 260 | 141 | Theatre rigging renewal delayed awaiting peer review of engineering assessments. Works likely to be scheduled for May/June 2012. |
| | | | 71 | 212 | 217 | 260 | 141 | |
| Seddon Park | | | | | | | | |
| Seddon Park Asset Renewal | 532 | R | 18 | 54 | 54 | 54 | 36 | |
| Seddon Park Grounds Renewals | 650 | R | 19 | 45 | 27 | 45 | 25 | |
| | | | 38 | 99 | 82 | 99 | 62 | |
| Waikato Museum of Art and History | | | | | | | | |
| Museum Development Fund | 708 | C | 32 | 21 | 42 | 42 | (11) | |
| Museum Renewals | 710 | R | 29 | 27 | 27 | 27 | (2) | |
| Museum Collection | 820 | C | 26 | 30 | | 30 | 4 | |
| Public Art Funding | 935 | C | 1 | | 52 | | (1) | |
| | | | 88 | 78 | 122 | 99 | (10) | |
| Total Event and Cultural Venues | | | 877 | 1,152 | 749 | 1,256 | 275 | |

C = New Capital R= Renewal Capital

Capital Expenditure Statement for the period 31 March 2012

| | Project No | Capital or Renewals | Year to Date | | Annual Budget | Restated Budget | \$000's Variance F(U) | Comments (variances over \$50K) |
|---|------------|---------------------|--------------|-------|---------------|-----------------|-----------------------|---|
| Recreation | | | | | | | | |
| City Beautification | | | | | | | | |
| City Beautify Asset Renewals | 65 | R | | | 14 | | | |
| Fountain asset renewal prog | 876 | R | | 6 | 8 | 8 | 6 | |
| | | | | 6 | 23 | 8 | 6 | |
| Hamilton Gardens | | | | | | | | |
| Hamilton Gardens Development | 99 | C | 182 | 218 | 232 | 302 | 36 | |
| Asset Renewals Structures - HG | 754 | R | 87 | 155 | 180 | 180 | 68 | Work now committed and will be completed in April and May 2012. |
| | | | 269 | 373 | 412 | 482 | 104 | |
| Parks and Gardens | | | | | | | | |
| Land Purchased for Reserves | 118 | C | 103 | 136 | 9,206 | 3,649 | 33 | |
| Land Acquisition & Esplanade | 120 | C | | | 66 | 66 | | |
| Passive Park Program Devplmt | 124 | C | 22 | 98 | 103 | 103 | | 75 Awaiting completion of other projects that may impact on scope of this project. |
| Hamilton Lake Domain Redevelpmt | 125 | R | 47 | 60 | 48 | 60 | 13 | |
| Asset Refurbmt Progm Structure | 129 | R | 5 | 45 | 45 | 45 | 39 | |
| Riverbank Stability Programme | 130 | R | 58 | 58 | 126 | 58 | 1 | |
| Pedestrian Linkage on Parks | 136 | C | 2 | 78 | 94 | 94 | | 76 Work rescheduled to April 2012. |
| | | | | | | | | Parana Park playground rescheduled in order for completion date to meet major external funders grant prerequisites. |
| Recreation Equipment Programme | 137 | C | 270 | 177 | 213 | 542 | (93) | |
| Nursery Upgrading & Improvemnts | 138 | R | | 9 | 9 | 9 | 9 | |
| Carpark Mntce Programme | 139 | R | 203 | 205 | 303 | 248 | 2 | |
| Parks & Gardens Asset Renewal | 143 | R | 41 | 48 | 47 | 63 | 7 | |
| Riverside walkways signposting | 146 | C | | 6 | 6 | 6 | 6 | |
| Seats on Parks | 483 | C | 7 | 7 | 12 | 12 | 0 | |
| Rototuna Passive Parks | 605 | C | 13 | 12 | | 12 | (1) | |
| Waiwhakareke Heritage Park | 609 | C | 9 | 9 | 21 | 38 | 0 | |
| Land Acquisition Infill | 800 | C | | 210 | 210 | 821 | 210 | Delays in settlement. Major purchase now scheduled for April 2012. |
| No.2 Field - Beetham Park | 1033 | C | 43 | 52 | | 52 | 9 | |
| WINTEC City Gate Reserve | 1091 | C | 34 | 34 | 460 | 460 | | |
| | | | 858 | 1,243 | 10,968 | 6,336 | 385 | |
| Sports Areas Grounds and Buildings | | | | | | | | |
| Asset Renewals Sports Areas | 163 | R | | | 100 | | | |
| Galloway Pk Changing Facilities | 835 | R | 156 | 219 | 222 | 222 | 63 | Contract completed in April 2012. |
| | | | 156 | 219 | 322 | 222 | 63 | |
| Zoo | | | | | | | | |
| Zoo Development Programme | 310 | C | 46 | 39 | 416 | 295 | (7) | |
| Renewal Animal Enclosures | 718 | R | 67 | 63 | 96 | 66 | (4) | |
| Renewal Buildings Structures | 719 | R | 59 | 64 | 108 | 138 | 6 | |
| Zoo Animal Purchases | 823 | C | 19 | 10 | | 25 | (9) | |
| Zoo Land | 955 | C | | | 420 | | | |
| | | | 190 | 176 | 1,040 | 525 | (14) | |

C = New Capital R= Renewal Capital

Capital Expenditure Statement for the period 31 March 2012

| | Project No | Capital or Renewals | Year to Date | | Annual Budget | Restated Budget | \$000's Variance F(U) | Comments (variances over \$50K) |
|--------------------------------|------------|---------------------|--------------|-----------------|---------------|-----------------|-----------------------|---|
| | | | Actual | Restated Budget | | | | |
| Swimming Facilities | | | | | | | | |
| WW Asset Renewals | 212 | R | 116 | 121 | 133 | 427 | 5 | |
| Gallg Aquatic Ctr Asst Renewal | 213 | R | 2 | 34 | 48 | 48 | 32 | |
| Hydrotherapy Pool | 714 | C | 320 | 370 | | 370 | 49 | |
| GAC Plant Renewals | 715 | R | 2 | | 60 | 46 | (2) | |
| GAC UV Water Treatment System | 720 | R | | | 60 | | | |
| WW UV Water Treatment System | 721 | C | 1 | | | | (1) | |
| | | | 441 | 524 | 301 | 891 | 83 | |
| Total Recreation | | | 1,915 | 2,541 | 13,067 | 8,466 | 627 | |
| Transportation | | | | | | | | |
| Access Hamilton | | | | | | | | |
| Ring Road including 4 Laning | 375 | C | 18,477 | 26,237 | 6,588 | 31,997 | 7,760 | Progress has slowed against original timetable and a carryover of budget is now required. Project remains on budget. |
| E1-East Ham Arterial Land Pshe | 447 | C | 1 | | 437 | 437 | (1) | |
| Peachgrove Hukanui upgrades | 528 | C | 22 | | 105 | | (22) | |
| Peachgrove-East St intersectio | 529 | C | 91 | 664 | 528 | 2,130 | 573 | Work is linked directly with the Ring Rd contract. A carryover will be required. |
| Ruakura Rd (Peachgrove to E1) | 530 | C | | | 256 | | | |
| Cycleway Construction ACC Ham | 545 | C | 544 | 861 | 600 | 1,316 | 316 | Stage 2 of the Te Awa cycleway is delayed. The contract has not yet been awarded and the construction season has now passed for the year. A carryover will be requested. |
| Bus Infrastructure | 728 | C | 298 | 243 | | 243 | (55) | Additional works were done as part of the Lyndon Court bus stop. Council is receiving subsidy from WRC that will offset these additional costs. |
| School Speed Zones | 827 | C | 158 | 157 | 157 | 157 | 0 | |
| Northern Growth Corridor | 861 | C | 4,259 | 4,430 | 2,730 | 5,500 | 171 | Project is ahead of schedule. Additional funds have been included in the forecast while at the same time the budget will be reduced in year 1 of the LTP as this is timine over multiple years. |
| Pedest Cycle Improve Network | 1037 | C | 1,184 | 1,318 | 1,049 | 1,375 | 134 | This is timing, some funds will be transferred to SAP 545 to assist with completing the Te Hikawai project. |
| Real Time Parking Signage | 1068 | C | 117 | 75 | | 75 | (42) | |
| | | | 25,151 | 33,985 | 12,451 | 43,230 | 8,834 | |

C = New Capital R= Renewal Capital

Capital Expenditure Statement for the period 31 March 2012

| | Project No | Capital or Renewals | Year to Date | | Annual Budget | Restated Budget | \$000's Variance F(U) | Comments (variances over \$50K) |
|--|------------|---------------------|--------------|-----------------|---------------|-----------------|-----------------------|---|
| | | | Actual | Restated Budget | | | | |
| Carriageways | | | | | | | | |
| Subdiv Construction Contrib | 17 | C | 39 | 80 | 125 | 80 | 41 | |
| Miscellaneous Land Purchases | 30 | C | | | 50 | | | |
| Kerb & Channel Replacement | 40 | R | 923 | 921 | 1,521 | 1,229 | (2) | |
| Area Wide Treatment | 41 | R | 1,196 | 1,094 | 1,800 | 1,544 | (102) | Work programme in progress and will complete by year end within budget |
| Carriageways Reseals | 44 | R | 2,380 | 2,683 | 3,253 | 2,736 | 302 | Work programme in progress and will complete by year end within budget |
| Peacocks Roding Growth | 553 | C | 357 | 847 | 1,252 | 1,450 | 490 | This relates to Southern links where project management is by way of a Multiparty funding agreement. A carryover will be requested for unspent funds at year end. |
| Rotokauri future growth | 554 | C | 70 | 504 | 839 | 1,420 | 434 | A carryover is expected as this relates to land purchase commitment |
| Rototuna Roding Growth | 555 | C | 1,303 | 1,095 | | 1,771 | (208) | This is timing with the purchase of the land from Glaisdale and a small section that will be part of the Waikato Expressway link that has already occurred. |
| Ruakura growth cell | 1001 | C | 7 | 70 | 100 | 100 | 63 | This is for transport planning and a carryover will be requested. |
| City Gate Land Purchase | 1088 | C | | | 209 | 299 | | |
| | | | 6,275 | 7,293 | 9,149 | 10,629 | 1,018 | |
| Central Area Off-Street Parking | | | | | | | | |
| Off-Street Carpark Resurfacing | 236 | C | | 10 | 10 | 10 | 10 | |
| | | | | 10 | 10 | 10 | 10 | |
| CityHeart | | | | | | | | |
| CityHeart Garden Pl & civic sq | 917 | C | 589 | 375 | | 1,405 | (214) | Work is in progress. Refer CityHeart Report |
| City Heart - Ward St | 228 | C | 169 | | | 1,910 | (169) | Work is in progress. Refer CityHeart Report |
| Grey/Claudlands Intersection | 735 | C | 19 | | | 228 | (19) | Work is in progress. Refer CityHeart Report |
| CityHeart Underground Carpark | 1061 | C | 1,569 | 680 | | 1,943 | (889) | Work is in progress. Refer CityHeart Report |
| Claudlands bridge clip-on | 1004 | C | | | 1,993 | | | |
| | | | 2,346 | 1,055 | 1,993 | 5,486 | (1,291) | |
| Footpaths, Cycleways and Verges | | | | | | | | |
| Footway&Verge Shape Correction | 92 | R | 1,451 | 1,210 | 1,924 | 1,774 | (241) | Work programme in progress and will complete by year end within budget. |
| New Footpath Construction | 97 | C | 4 | 29 | 29 | 29 | 25 | |
| | | | 1,455 | 1,239 | 1,953 | 1,803 | (216) | |
| Transport Centre | | | | | | | | |
| Transport Ctr capacity improve | 899 | C | 146 | 144 | 52 | 196 | (2) | |
| | | | 146 | 144 | 52 | 196 | (2) | |
| Parking Enforcement | | | | | | | | |
| Parking Meter Replacement | 117 | R | | 10 | 10 | 10 | 10 | |
| Renewal handheld ticket machin | 620 | R | | 21 | 21 | 21 | 21 | |
| | | | | 31 | 31 | 31 | 31 | |

C = New Capital R= Renewal Capital

Capital Expenditure Statement for the period 31 March 2012

| | Project No | Capital or Renewals | Year to Date | | | | \$000's | |
|---------------------------------|------------|---------------------|--------------|-----------------|---------------|-----------------|----------------|---|
| | | | Actual | Restated Budget | Annual Budget | Restated Budget | Variances F(U) | Comments (variances over \$50K) |
| Traffic | | | | | | | | |
| Traffic Improvements | 223 | C | 521 | 335 | 577 | 577 | (186) | Minor safety programme has been completed early for the year. |
| Traffic Calming | 224 | C | 205 | 110 | 210 | 210 | (95) | Minor safety programme has been completed early for the year. |
| Street Lighting New | 227 | C | 100 | 117 | 157 | 157 | 17 | |
| Street Furniture | 230 | R | 24 | 20 | | 25 | (4) | |
| Street Lighting Renewal | 231 | R | 386 | 322 | 367 | 409 | (64) | Lighting upgrade programme is ahead of schedule and will be completed within budget for the year. |
| Traffic Signal Renewal | 232 | R | 210 | 210 | 210 | 210 | | |
| Street Sign Renewal | 233 | R | 40 | 36 | 52 | 52 | (4) | |
| Traffic Safety Barriers | 235 | R | 19 | 22 | 31 | 29 | 3 | |
| | | | 1,505 | 1,171 | 1,605 | 1,669 | (334) | |
| Total Transportation | | | 36,877 | 44,929 | 27,245 | 63,055 | 8,051 | |
| Waste Minimisation | | | | | | | | |
| Refuse Old Sites | | | | | | | | |
| Closed Landfills renewals | 583 | R | 63 | 161 | 71 | 182 | 98 | Work is progressing and is expected to be complete by year end. |
| Closed landfills capital | 868 | C | 33 | 258 | 150 | 414 | 225 | This work is around the resource consent for Horotiu, as planning and monitoring continues. Physical works are now expected to occur next year. |
| | | | 96 | 419 | 221 | 596 | 323 | |
| Total Waste Minimisation | | | 96 | 419 | 221 | 596 | 323 | |
| Water Management | | | | | | | | |
| Stormwater Reticulation | | | | | | | | |
| Customer connection to Network | 165 | C | 92 | 226 | 301 | 301 | 134 | This work is demand driven by customers and is 100% user pays. |
| Stormwater Impact Mitigation | 167 | C | 2 | | 60 | 2 | (2) | |
| Contribution pipe sizes subdiv | 168 | C | | | 25 | 25 | | |
| Rototuna/Flagstaff trunks | 170 | C | 3 | 38 | | 113 | 35 | |
| Project watershed emergency wk | 388 | C | | | 103 | 103 | | |
| Rotokauri Pipe Network | 548 | C | 63 | 150 | 198 | 580 | 87 | Work reduced through the forecast to reflect the current development environment. Of the balance a carryover may be required depending on the progress of the developers. |
| Peacocke Pipe Network | 573 | C | 1 | 40 | 407 | 407 | 39 | |
| Stormwater renewals | 587 | R | 478 | 412 | 591 | 479 | (66) | Programme is ahead of schedule. |
| Alderton Dam Upgrade | 801 | C | 2 | | | | (2) | |
| Capacity upgrades infill devel | 889 | C | 9 | 52 | 52 | 52 | 44 | |
| Ruakura stormwater | 1007 | C | 8 | 57 | 100 | 67 | 49 | |
| Proj W/Shed renewals Kiriikir | 1011 | C | 43 | 260 | | 604 | 217 | Project will not occur this year and a carryover of the budget will be required. |
| | | | 699 | 1,236 | 1,837 | 2,733 | 537 | |

C = New Capital R= Renewal Capital

Capital Expenditure Statement for the period 31 March 2012

| | Project No | Capital or Renewals | Year to Date | | Annual Budget | Restated Budget | \$000's Variance F(U) | Comments (variances over \$50K) |
|-----------------------------------|------------|---------------------|--------------|-----------------|---------------|-----------------|-----------------------|---|
| | | | Actual | Restated Budget | | | | |
| Wastewater Reticulation | | | | | | | | |
| Customer connection to network | 239 | C | 99 | 244 | 325 | 325 | 145 | This work is demand driven by customers and is 100% user pays |
| Contribute increase pipe sizes | 241 | C | | 15 | 15 | 15 | 15 | |
| Rototuna wastewater trunks | 242 | C | 34 | 50 | | 155 | 16 | |
| Netwk Upgrades Infill Devlpmt | 244 | C | 7 | 648 | 734 | 734 | 641 | Programme is behind as contractor is scheduling the work. Will be completed by year end. |
| Corrosion Venting of Intercept | 255 | C | | (21) | 84 | 14 | (21) | |
| Rotokauri Wastewater Trunkmain | 547 | C | (27) | 140 | | 500 | 167 | These funds are committed for the Te Rapa by-Pass and Ruffell Rd pump station. |
| Peacocke wastewater trunkmains | 581 | C | 1 | 54 | 154 | 54 | 53 | This is timing, the work involves design of a pump station. |
| Wastewater pump station renewa | 597 | R | 607 | 775 | 1,007 | 1,057 | 168 | Timing variance, will complete by year end. If not complete by year end a carryover will be requested. |
| Wastewater renewals | 877 | R | 657 | 545 | 2,182 | 1,328 | (112) | Programme is behind as contractor is scheduling the work. Will be completed by year end. |
| Ruakura trunk wastewater | 1008 | R | | 26 | | 66 | 26 | |
| | | | 1,377 | 2,476 | 4,502 | 4,249 | 1,099 | |
| Wastewater Treatment Plant | | | | | | | | |
| Telemetry & SCADA upgrade | 26 | C | 106 | 148 | 157 | 157 | 41 | |
| Pukekohe Wastewater Secondary Trm | 238 | C | 1,078 | 2,699 | 1,139 | 4,599 | 1,621 | Project is underway but will not complete by year end. A carryover will be requested. |
| WWTP Capital Improvements | 305 | C | 31 | 53 | 53 | 53 | 22 | |
| WWTP Asset Renewals | 307 | R | 725 | 1,008 | 1,194 | 1,335 | 283 | A portion has been handed back while the balance is committed as will be completed by year end. |
| WWTP bypass treatment | 579 | C | 528 | 737 | 472 | 890 | 209 | This is timing with project expected to complete within budget by year end. |
| Biosolids disposal | 980 | C | 7 | | | | (7) | |
| | | | 2,475 | 4,644 | 3,015 | 7,034 | 2,169 | |
| Water Reticulation | | | | | | | | |
| Customer Connection to Network | 261 | C | 65 | 311 | 414 | 414 | 246 | This work is demand driven by customers and is 100% user pays |
| Rototuna Water Supp trunkmain | 262 | C | 16 | 102 | | 255 | 86 | Work committed for Sylvester Rd connection but dependent of the progress of the developer. |
| Contribute increase pipe size | 264 | C | 1 | 30 | 30 | 30 | 29 | |
| Rototuna Reservoir & BulkMains | 265 | C | 150 | 180 | | 180 | 30 | |
| Water Network New Mains | 267 | C | 46 | 28 | 330 | 30 | (18) | |
| Water Network Mains Renewal | 269 | R | 935 | 896 | 1,718 | 1,032 | (39) | |
| Water Network Fitting Renewals | 270 | R | 5 | 204 | 272 | 272 | 199 | Programme being completed by City Delivery, is on target for end of year. |
| Rotokauri Reservoir & BulkMains | 276 | C | 56 | 200 | 300 | 300 | 144 | Work is contractually committed will not be complete by year end therefore a carryover will be requested. |
| Bulkmain augmentation & ext. | 277 | C | 741 | 381 | 1,400 | 1,057 | (360) | Work is underway, some of this will not be complete by end of year and carryover will be requested. |
| Rotokauri Water Supply Trunkma | 549 | C | 40 | 230 | 243 | 450 | 189 | This is timing variance as this is work associated with the Te Rapa By-Pass |
| Citywide backflow device insta | 565 | C | 10 | 8 | 210 | 75 | (2) | |
| Peacocke water supply trunkmai | 593 | C | | | 80 | 80 | | |
| Upgrades for infill develop | 595 | C | 292 | 489 | 489 | 489 | 197 | This is timing with the work programme expected to be complete by year end. |
| Work associated with State Hg | 879 | R | | | 105 | 105 | | |
| Ruakura trunk watermain | 1006 | C | 5 | 37 | 100 | 67 | 32 | |
| | | | 2,361 | 3,096 | 5,690 | 4,836 | 734 | |

C = New Capital R= Renewal Capital

Capital Expenditure Statement for the period 31 March 2012

| | Project No | Capital or Renewals | Year to Date | | | | \$000's | Comments |
|------------------------------------|------------|---------------------|---------------|-----------------|---------------|-----------------|---------------|--|
| | | | Actual | Restated Budget | Annual Budget | Restated Budget | Variance F(U) | (variances over \$50K) |
| Water Treatment Station | | | | | | | | |
| Reservoir Asset Renewal | 278 | R | 58 | 58 | 42 | 58 | 0 | |
| WTS Asset Renewal | 294 | R | 254 | 397 | 795 | 855 | 142 | Work on sedimentation tanks and sand filters started later. Work is now underway |
| Reservoir Capital Improvements | 304 | C | 180 | 357 | 357 | 370 | 176 | Programme started later than was originally planned |
| WTS Capital Improvements | 519 | C | 51 | 192 | 659 | 409 | 141 | Programme now planned for a later start |
| WTS capital improvements growth | 556 | C | 101 | 332 | 299 | 462 | 231 | Work is yet to start on Waipa River Sampling. |
| Alum sludge dewatering | 984 | C | 34 | 30 | 2,623 | 30 | (4) | |
| Plant Security Upgrades | 1056 | C | | | 23 | | | |
| | | | 679 | 1,366 | 4,797 | 2,184 | 686 | |
| Total Water Management | | | 7,592 | 12,817 | 19,841 | 21,036 | 5,225 | |
| SUPPORT SERVICES | | | | | | | | |
| Property Management Unit | | | | | | | | |
| Vehicle & Plant Renewals | 149 | R | 427 | 771 | 1,031 | 1,029 | 343 | Favourable due to reprioritisation of vehicle renewals. |
| Ppty Mgmt Cap. Asset Renewal | 150 | R | 2,076 | 2,390 | 2,526 | 3,145 | 314 | Favourable due to the timing of various contract payments across the programme. |
| Pensioner house health & safety | 580 | C | | | 100 | | | |
| Waterworld concourse retiling | 646 | R | 435 | 291 | | 571 | (144) | Expenditure has occurred earlier than initially planned. |
| Pensioner Housing Renewals | 647 | R | 232 | 296 | 606 | 306 | 64 | Favourable due to the timing of various contract payments across the programme |
| Public Toilet Upgrades | 773 | R | 74 | 104 | 138 | 138 | 30 | |
| Staff facilities upgrade prog | 901 | C | | 31 | 41 | 41 | 31 | |
| Building & site security impro | 915 | C | 23 | 40 | 52 | 72 | 16 | |
| | | | 3,267 | 3,922 | 4,494 | 5,302 | 655 | |
| Information Management Unit | | | | | | | | |
| Project Phoenix IT Sys upgrade | 904 | C | 1,350 | 2,607 | 3,268 | 5,610 | 1,257 | Favourable due to reprioritisations within the various change programmes. |
| Network equipment renewal growth | 912 | R | 46 | 61 | 42 | 67 | 15 | |
| Finance Leases | 1045 | C | 181 | 239 | | 289 | 58 | Favourable variance due to the timing of the creation of finance leases. |
| | | | 1,578 | 2,907 | 3,310 | 5,966 | 1,329 | |
| City Parks | | | | | | | | |
| City Parks Equipment | 830 | C | 46 | | | | (46) | |
| | | | 46 | | | | (46) | |
| Total Support Services | | | 4,891 | 6,829 | 7,804 | 11,268 | 1,938 | |
| Total Capital Expenditure | | | 53,338 | 70,044 | 70,731 | 107,425 | 16,706 | |

C = New Capital R= Renewal Capital

Reserves

As At 31 March 2012

(Items in brackets indicate a negative reserve)

| | \$000's | | | | |
|---------------------------------|---------------|---------------|----------------|---------------|--------------|
| | Opening | Total | Total | Closing | Interest |
| | Balance | Transfers In | Transfers Out | Balance | YTD (Note 1) |
| Cem Plot Maint in Perpetuity | 1,962 | 92 | - | 2,054 | 86 |
| Municipal Endowment Fund | 670 | 7,569 | (592) | 7,647 | 234 |
| Domain Endowment Fund | 2,813 | 120 | (154) | 2,779 | 120 |
| Waikato Art Gallery Endowment | 7 | 0 | - | 7 | 0 |
| Env Waikato - Proj W/shed Emer | - | 1,015 | - | 1,015 | 9 |
| Restituted Reserves | 5,453 | 8,796 | (746) | 13,502 | 449 |
| Council Created Reserves | | | | | |
| Dme Hilda Ross Childr Mem | 1 | 0 | - | 1 | 0 |
| Roman Catholic Schools | 2 | 0 | - | 2 | 0 |
| Infrastructure Disaster Recov. | 5,533 | 362 | - | 5,894 | 244 |
| Reserve Contributions Fund | 3,156 | 783 | (190) | 3,748 | 142 |
| Storm Damage Reserve | 97 | 64 | - | 161 | 5 |
| Bus Shelter (Adshel) Reserve | 134 | 54 | - | 188 | 7 |
| Berm Levy | 115 | 10 | - | 125 | 5 |
| Water Reticulation Levy | 14 | 5 | - | 19 | 1 |
| Development Contributions | (244) | 5,381 | (3,870) | 1,267 | (36) |
| EECA Loans | 18 | 1 | - | 19 | 1 |
| Waikato Stadium Events Reserve | 57 | 2 | - | 59 | 2 |
| Env. Waikato - Proj. Watershed | 1,377 | 548 | (1,155) | 770 | 55 |
| Municipal Camping Ground Res. | 47 | 2 | - | 49 | 2 |
| Museum Collection Fund | 213 | 34 | (26) | 221 | 9 |
| Zoo Animal Purchases Fund | 142 | 36 | (19) | 159 | 7 |
| Access Hamilton Reserve | 4,381 | 1,203 | (2,979) | 2,605 | 159 |
| Housing Upgrade Reserve | 271 | 13 | 25 | 308 | 13 |
| Septic Tank Reserve | 57 | 36 | - | 93 | 3 |
| Rotokauri Land Sale Reserve | 1,850 | 81 | - | 1,931 | 81 |
| V8 Reserve (Note 2) | (14,322) | (159) | 625 | (13,856) | (612) |
| Waste Minimisation Reserve | 31 | 293 | - | 325 | 8 |
| Retirement Gratuity Reserve | 372 | 102 | (46) | 429 | 18 |
| Asset Renewal Reserve | 3,175 | 1,366 | - | 4,541 | 156 |
| Public Art Reserve | 79 | 45 | - | 123 | 5 |
| Passenger Rail Infrastructure | - | 261 | - | 261 | 5 |
| Council Created Reserves | 6,555 | 10,523 | (7,635) | 9,443 | 280 |
| | 12,008 | 19,318 | (8,381) | 22,945 | 730 |

Note 1 - Interest

This is the interest breakdown component allocated to the reserve and **included** in the Total Transfers In column.

Note 2 - V8 Reserve

The V8 reserve has been used to fund the infrastructure costs associated with establishing the V8 circuit. The reserve has a negative balance as it has "pre-funded" the event infrastructure cost. The reserve will be transferred to debt later in the 2011/12 year (after the race) as approved by Council resolution.

ACCESS HAMILTON RESERVE

\$'000's

As at 31 March 2012

| | Year to Date Actual | Annual Budget | Restated Budget |
|--|------------------------|------------------|--------------------|
| Opening Balance | 4,381 | 4,158 | 4,381 |
| Contributions: | | | |
| Transfer from targeted rate - Access Hamilton | 902 | 1,200 | 1,200 |
| Net Income - Knox Street car park building | 142 | 244 | 244 |
| Transfer from general rates | | 119 | |
| Interest income | 159 | 40 | 190 |
| Available for Appropriation | 5,584 | 5,761 | 6,015 |
| Appropriations | | | |
| Access Hamilton Operating Costs | | 51 | 51 |
| WRTM Operations Contributions | 15 | | 17 |
| Access Modelling | 93 | | 90 |
| Operating impact from new electronic signs | | 20 | 20 |
| Access Hamilton Strategy | | 10 | |
| Bus Infrastructure Priority & Operational Subsidy | | 52 | 40 |
| Intersection Upgrade Grey/Claudlands | | 126 | |
| Marketing & promotion for awareness of Access Hamilton | 21 | 52 | 12 |
| Neighbourhood accessibility plans | 17 | 20 | 12 |
| School business travel plans | 41 | 104 | 104 |
| Commuter Rail Infrastructure | | 258 | |
| Access Hamilton Overheads | | 36 | 36 |
| Transfer Commuter Rail to separate Reserve | 256 | | |
| Fund financing costs for Access Hamilton project loans | 2,536 | 3,641 | 3,641 |
| Total Appropriation | 2,979 | 4,370 | 4,023 |
| Closing Balance | 2,605 | 1,391 | 1,992 |

Depreciation by each activity

Attachment 8

For the period ended 31 March 2012

| | Year To Date | | | \$000's | |
|--|---------------|--------------------|-------------------|------------------|---------------------|
| | Actual | Restated Budget | Variance F/(U) | Annual Budget | *Restated Budget |
| OPERATING EXPENDITURE INDIRECT - DEPRECIATION | | | | | |
| City Profile | 2,329 | 1,784 | (546) | 2,378 | 2,378 |
| City Safety | 41 | 45 | 4 | 60 | 60 |
| Community | 1,017 | 1,033 | 15 | 1,377 | 1,377 |
| Event | 1,373 | 2,157 | 784 | 2,876 | 2,876 |
| Recreation | 1,615 | 1,864 | 249 | 2,486 | 2,486 |
| Transport | 10,586 | 13,417 | 2,830 | 17,889 | 17,889 |
| Waste | 179 | 254 | 75 | 339 | 339 |
| Water | 13,798 | 12,448 | (1,350) | 16,597 | 16,597 |
| Support Services | 8,852 | 8,460 | (392) | 11,280 | 11,280 |
| Total depreciation | 39,792 | 41,461 | 1,670 | 55,282 | 55,282 |

Notes are provided on variances that exceed \$50K

Item 7

Attachment 8

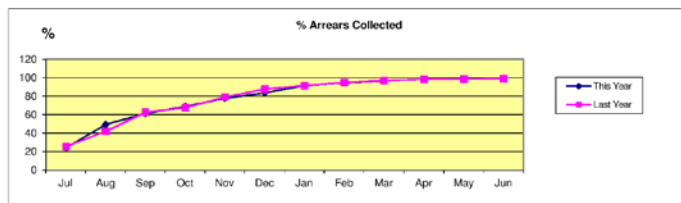
ATTACHMENT 9

Rates Information

| | To Mar 2012 | | To Mar 2011 | |
|----------------------------------|--------------------|-------|-------------------|--------|
| Rate Collection | | | | |
| Rates brought forward - 1 July | 1,672,160 | | 1,784,406 | |
| Instalments | 100,849,606 | | 91,479,669 | |
| Penalties, Adjustments & P/Poned | 603,226 | | 650,003 | |
| | <u>103,124,993</u> | 100% | <u>93,914,078</u> | 100% |
| Less Cash paid | 102,412,616 | 99.3% | 93,991,033 | 100.1% |
| Balance outstanding | <u>712,377</u> | 0.7% | <u>-76,955</u> | -0.1% |

| | | | | |
|---------------------------|-----------|-------|-----------|-------|
| Rate Arrears | | | | |
| Start of year (1 July) | 3,046,071 | 100% | 3,076,726 | 100% |
| 31 March 2012 - still o/s | 108,825 | 3.6% | 92,557 | 3.0% |
| Collected to date | 2,937,246 | 96.4% | 2,984,169 | 97.0% |

| | | | |
|-----------------------------------|--------|-------------|------------------|
| Rates Payment Arrangements | | No of a/c's | % of total a/c's |
| Regular payments by: | | | |
| Direct Debit | 17,110 | | 31.7% |
| Automatic Payments | 5,625 | | 10.4% |



| | | |
|---|-------------|--------------|
| Rates Rebates to 31 March 2012 | Amount \$ | No Processed |
| Govt Rebates - This is funded by Central Govt | \$1,247,939 | 2258 |
| Council Hardship Remissions (Budget \$225,000) | \$187,521 | 580 |

Rates PostponedRural properties

Current year's rates postponed \$27,322

Number of Properties with Rating

Sales in action 1

Water Billing

| | To Mar 2012 | To Mar 2011 |
|---------------|-------------|-------------|
| Current | 664,103 | 461,708 |
| Past Due date | 74,248 | 90,115 |

Sundry Debtors Information

Mar-12

Sundry Debtor Aged Balances (including agreements)

| | Current | 0 - 30 Days | 30 -60 Days | 60 -90 Days | >90 Days | Total |
|-------------------------------------|------------------|----------------|----------------|----------------|----------------|------------------|
| Sundry Debtors | | | | | | |
| Debtors | 1,527,581 | 535,493 | 214,060 | 117,224 | 246,641 | 2,640,999 |
| Rentals | 74,226 | 1,284 | 4,097 | 4,413 | 224,432 | 308,452 |
| Totals (this year - excluding NZTA) | <u>1,601,807</u> | <u>536,777</u> | <u>218,157</u> | <u>121,637</u> | <u>471,073</u> | <u>2,949,451</u> |
| NZTA | 4,964,492 | 0 | 0 | 0 | 0 | 4,964,492 |
| % (this year) | 54.3% | 18.2% | 7.4% | 4.1% | 16.0% | 100% |
| % (last year) | 33.5% | 8.0% | 2.2% | 6.7% | 49.6% | 100% |

Breakdown of Aged Debt

| | 0 - 30 Days | 30 -60 Days | 60 -90 Days | >90 Days | Total |
|------------------------------|-------------|-------------|-------------|----------|-----------|
| Total debt over \$5,000 | 439,356 | 193,343 | 81,463 | 356,113 | 1,070,275 |
| Total Debt less than \$5,000 | 97,421 | 24,814 | 40,174 | 114,960 | 277,369 |

Note: All accounts 90 days and over are managed and actively pursued by the Debt Management Team or an external collection agency

24/04/12

Committee: Finance and Monitoring
Committee

Date: 03 May 2012

Report Name: Update on the financial
performance of Claudelands
Events Centre

Author: Matthew Walker

| | |
|---|--|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Events and Economic Development</i> |
| Financial overview | <i>Update on Financial Performance</i> |

1. Purpose of the Report

- To provide an update on the financial performance of the Claudelands Events Centre (CEC) for the period ended 31 March 2012.

3. Recommendation/s from Management

- That the report be received.

5. Attachments

- There are no attachments for this report.

7. Key issues

- At its Extraordinary Council meeting on February 9th this year Council received a report summarising the outcome of a review of the operating performance of the CEC. This review included a set of revised financial projections which included the current financial year as well as the 10 year plan. Following the meeting staff amended the 10 year plan budgets and prepared changes to current year budgets to be included in forecast budget adjustments.
- The table below summarises the year to date performance for CEC compared with the revised financial projections for the full year. Also shown is the net cost of Events Facilities Administration on the same basis.

| Claudelands and Events Facilities Administration Operating Results (\$'000's) | | |
|---|------------------------|--------------------------|
| For the nine months to 31 March 2012 | | |
| | Nine Months Actuals | Revised Annual Budget |
| <u>Claudlands</u> | | |
| Net Revenue | 1,121 | 1,550 |
| <i>/less</i> Direct Expenditure (excluding Occupancy) | 1,471 | 2,030 |
| <u>Net Surplus / (Deficit)</u> | (350) | (480) |
| <u>Event Facilities Administration</u> | | |
| Net Cost | (1,127) | (1,401) |

10. Based on the year to date performance and the schedule of forward bookings for the venue, staff are expecting the full year financial performance for the Centre to be close to target. There has been no significant change to the forward booking schedule for the venue within the last six weeks and no significant cancellations of events booked for this financial year, although a large number of new bookings have been received for the next financial year.
11. Whilst the past few weeks have seen the delivery of some very high profile and very well patronised events such as ANZ Championship Netball and the Armageddon Show revenue received from those events have met plan.

Signatory

| | |
|------------|--|
| Authoriser | Sean Murray, General Manager Events and Economic Development Group |
|------------|--|

Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Treasury Report to March 2012 **Author:** Fiona Ferrar

| | |
|---|---|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Investment and Liability Management Policy</i> |
| Financial overview | <i>Not applicable</i> |

1. Purpose of the Report

- The purpose of this report is to provide a detailed analysis of Council's debt and liquidity position as at 31 March 2012.

3. Executive Summary

- The New Zealand swap yield curve has fallen and become moderately flatter over the past week due to global developments. Domestic economic data has been light and had little to no impact on swap rates. The increased "dovishness" of the RBA and the weaker-than-expected March US payrolls data were the main factors pushing interest rates lower. The considerable drop in US 10-year bond yields, from 2.30% to 2.05% has increased the attractiveness of longer-dated hedging strategies with the NZ 10-year swap back below 4.40%.
- Long term interest rates have been little changed over the last few weeks due to the continuing events in Europe. It is difficult to see longer term rates moving up very quickly over the coming months until there is some resolution to the crisis.

6. Recommendation/s from Management

- That the report be received and the information noted.

8. Attachments

- Attachment 1 - Treasury Report attachment MAR 2012 - Final

10. Key issues

Not applicable

11. Risks and legal implications

12. More borrowing is planned for the next issue from LGFA in early May. This will address both the policy breach in the liquidity ratio and the breach in the 0-3 year time bucket for the Funding Risk Profile.

Signatory

| | |
|------------|--|
| Authoriser | Amanda Harman, Chief Financial Officer |
|------------|--|

HAMILTON CITY COUNCIL - TREASURY REPORT AS AT 31 MARCH 2012

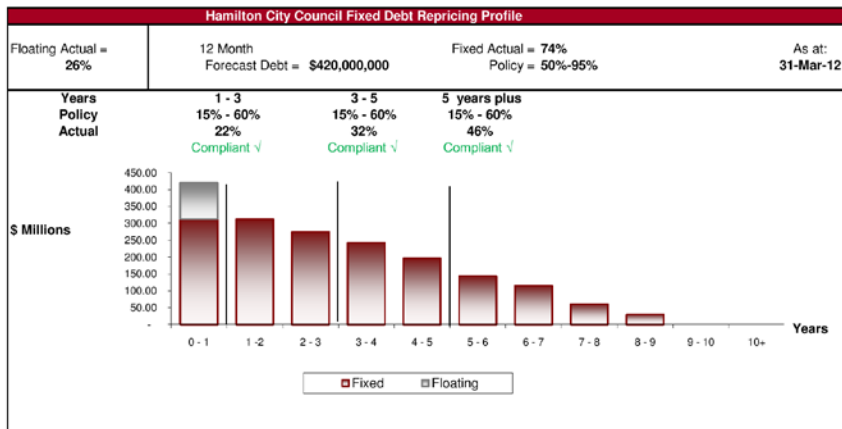
1. Total Debt and Liquidity

| | <u>Available Facilities</u> \$'000' | <u>Drawn Debt Current</u> \$'000' | <u>Drawn Debt Last Month</u> \$'000' | <u>Weighted Avg.</u> This Month | Last Month |
|---------------------------|--|--------------------------------------|---|------------------------------------|------------|
| Working Capital | 61,000 | 1,000 | 1,000 | 0.00% | 0.00% |
| Commercial Paper | | 70,000 | 70,000 | 3.48% | 3.04% |
| Bond Borrowing | 15,000 | 15,000 | 15,000 | 5.99% | 5.99% |
| FRN Borrowing | 303,174 | 301,704 | 308,234 | 3.45% | 3.41% |
| Lease Liabilities | | 1,470 | 1,470 | | |
| Total | 379,174 | 389,174 | 395,704 | | |
| Investments | | | | | |
| Term | | 5,480 | 10,480 | 3.53% | 3.53% |
| On Call | | 11,370 | 11,315 | 2.50% | 2.50% |
| Total | | 16,850 | 21,795 | | |
| Available Headroom | 6,850 | | | | |

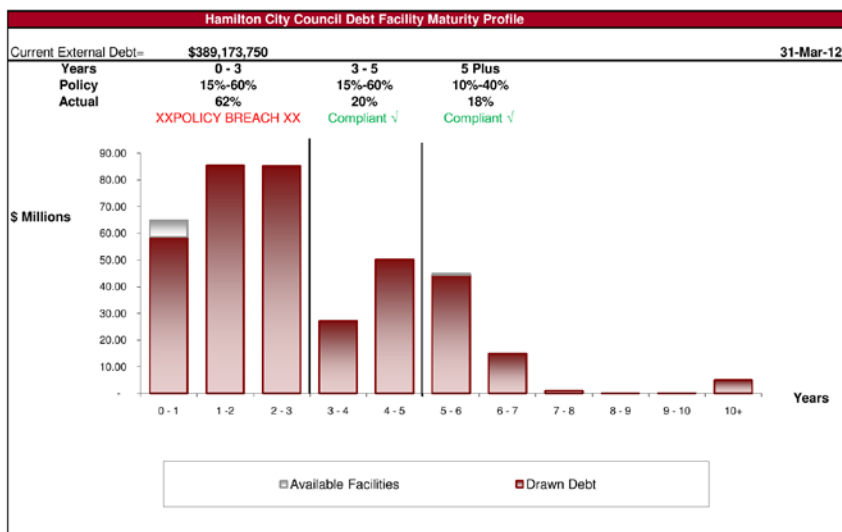
2. Compliance with Policy

Hamilton City Council had two breaches of treasury policy in the month of March. They are in the Current Liquidity Ratio and the 0-3 year time bucket for Funding Risk Profile.

3. Interest Rate Risk Management

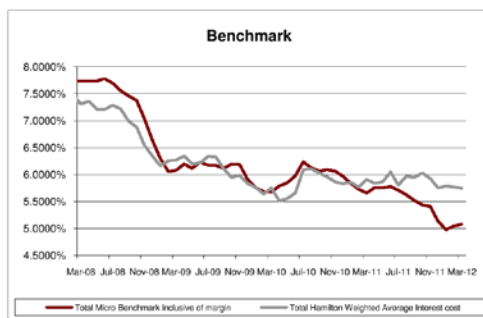


4. Funding Risk Profile



5. Benchmark - Average cost of Borrowing

Benchmark is based on actual debt year to date.



| | Current Month | Last Month |
|---|---------------|------------|
| HCC Weighted Average Interest Cost (incl. Hedges) | 5.75% | 5.77% |
| Micro Benchmark | 5.08% | 5.05% |

6. Policy Ratios to 31 March 2012**Debt ratios and limits** **31-Mar-12****Financial Ratios**

| | | |
|---------------------------|-------|------|
| Liquidity ratio | >110% | 102% |
| Debt to revenue ratio | <250% | 227% |
| Interest to revenue ratio | <20% | 13% |
| Debt to Cashflow | <15 | 14.0 |

The financial ratios are calculated as follows:**Liquidity ratio** – (total funds available through committed facilities/cash held) divided by (external debt)**Debt to revenue ratio** – (total overall debt) divided by (total operating revenue less vested assets less capital subsidies less revenue from development contributions)**Interest to revenue ratio** – (total interest) divided by (total operating revenue less vested assets less capital subsidies less revenue from development contributions)**Debt to cashflow** – (total overall debt) divided by (net surplus/deficit plus depreciation less vested assets less capital subsidies less sundry revenue)**7. Debt Analysis at 31 March 2012**

| | |
|----------------------------|----------------|
| | '000' |
| Drawn Debt | 387,704 |
| Plus Lease Liabilities | 1,470 |
| Total External debt | 389,174 |

| | |
|---------------------------|----------------|
| Plus Restricted Reserves | 13,502 |
| Less Cash Investment | (16,850) |
| Total Overall Debt | 385,826 |

Total debt is planned to be funded in future financial years by:

| | |
|---|----------------|
| Rates | 205,919 |
| Reserves | 36,325 |
| Development and Financial contributions | 142,112 |
| Lease Liabilities | 1,470 |
| Total Overall Debt | 385,826 |

The maturity profile of Total overall debt is as follows:

| Maturity | \$'000' | % |
|---|----------------|----------------|
| Less than one year (floating rate debt) | 118,650 | 30.75% |
| Years one - three | 110,204 | 28.56% |
| Years three - five | 77,000 | 19.96% |
| Over five years | 65,000 | 16.85% |
| Internal Borrowing | 13,502 | 3.50% |
| Lease Liabilities | 1,470 | 0.38% |
| Total Overall Debt | 385,826 | 100.00% |

Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Key Project Update Report - March
Author: Megan Birchall

Recommendation

That the report be received.

1. Attachments

2. Attachment 1 - Project Monitoring Report for Mar 2012 v3

3. Purpose of the Report

4. The purpose of this report is to provide Council with regular reporting on a Key Projects.

5. Project Selection

6. Projects which are included in this report are those which are deemed sensitive or significant, and the list of projects outlined in this report will be regularly reviewed throughout the year.

7. Key Areas of the New Project Monitoring Report

8. Project Status: This is located in the right of the header bar and indicates if the Project is:
 - On Track
 - Needs to be monitored
 - Needs urgent management attention
9. Milestones: This section shows the Key Project Milestones and their expected completion dates
10. Key Information on Project Status: This field is to outline key points and give brief information on what we are doing to mitigate Risks and Issues.
11. Financials: Financial information shows what the original planned budget was for Past, Current, and Future Years, against what was actually spent and expected to be spent.
12. Risk: This risk table is designed to highlight the top five risks of a project. Each risk is given a Probability and an Impact score (high, medium, or low) which translates to an Overall Risk rating, if the Risk has a known dollar value if realised than this will also be entered. Risk comments will reflect planned mitigation.




13. Conclusion

14. This Project Monitoring Report is produced on a monthly basis, with the latest available financial information.


















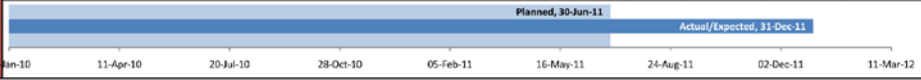
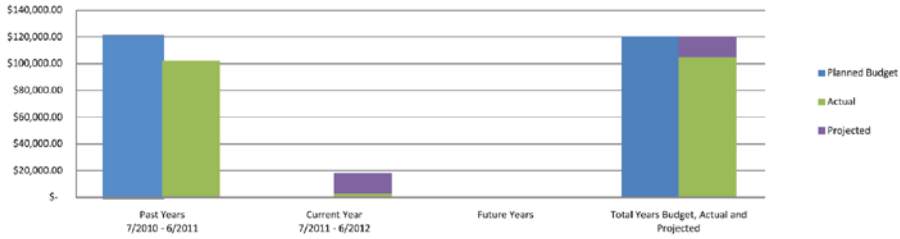
Signatory

| | |
|------------|--|
| Authoriser | Blair Bowcott, General Manager Performance Group |
|------------|--|

Project Monitoring Overview - March 2012

| Total Number of Projects | | Key |
|--|----|---|
| Project Status - "Needs urgent management attention" | 0 |  |
| Project Status - "Needs to be Monitored" | 3 |  |
| Project Status - "On Track" | 10 |  |

| Project/Programme Name | Project Manager | Current Status |
|---|----------------------------|---|
| Rototuna Village Programme | Jason Harrison |  |
| City Heart | Jason Harrison |  |
| District Plan Review (Inclusive of Development Manual) | Paula Rolfe |  |
| ITM400 Hamilton V8 Event 2012 | Carol Serra |  |
| Claudelands Development Programme | Chad Hooker |  |
| 2012-22 Long Term Plan | Paul Gower |  |
| Hamilton Ring Road Upgrade and Extension | Martin Mould |  |
| Te Rapa Bypass | Martin Mould |  |
| Southern Links - Designation as part of the Peacocke Structure Plan | Tony Denton |  |
| Waste Water Treatment Plant Upgrade | Martin Mould |  |
| Rotokauri Rooding Arterials and floodway Designation | Tony Denton |  |
| Variations to Proposed District Plan & Structure Plan | Alice Morris/Robert Hodges |  |
| Phoenix Programme | Eion Hall |  |

| Project Status Monitoring Report | | | March 2012 | |  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|----------------------------------|--|---|--|-------------------------------|---------------------------------|----------------------------------|--|--|---|-----------|-----------|---------------|--------------------------|---------------|-------------|-----|---------------|----------------------------|---|--------------|--|--------------|----------------------------------|---|-----------|---|---------------|--|---|-----------|---------------|-----------|----------------------------------|--|-----------|-----------|--|--|
| Project/Programme: Rotoruna Village Programme Project Manager: Jason Harrison Project Sponsor: Lance Vervoort | | SAP# Various Project Business Case Doc: Jason Harrison Project Start Date: 01-Jan-10 | | Project Status:  Project Status Override Activated: Yes | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  1. On Track | | All on target, no major issues or risks being realised. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  2. Needs to be monitored | | Issues, risks etc have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  3. Needs urgent management attention | | Issues have arisen and will impact the delivery of the project. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Time | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Key Milestone Description (no more than 5 Max)</th> <th>Milestone Status</th> <th>Planned Completion Date</th> <th>Current Expected Completion Date</th> <th>Actual Completion Date</th> </tr> </thead> <tbody> <tr> <td>Delivery of Structure Plan (for public consultation)</td> <td></td> <td>30-Jun-10</td> <td>30-Sep-10</td> <td>30-Sep-10</td> </tr> <tr> <td>Physical Works Programme</td> <td></td> <td>TBC</td> <td>TBC</td> <td></td> </tr> <tr> <td>Project Plan (1st version)</td> <td></td> <td>30-Sep-10</td> <td>30-Jul-11</td> <td>30-Jul-11</td> </tr> <tr> <td>Variation 12 Hearings & Decision</td> <td></td> <td>31-Aug-10</td> <td>31-Dec-10</td> <td>31-Dec-10</td> </tr> <tr> <td></td> <td></td> <td>30-Apr-11</td> <td>31-April 2012</td> <td>11-Apr-12</td> </tr> <tr> <td>Project Completion Dates:</td> <td></td> <td>30-Jun-11</td> <td>31-Dec-11</td> <td></td> </tr> </tbody> </table> | | | | | | Key Milestone Description (no more than 5 Max) | Milestone Status | Planned Completion Date | Current Expected Completion Date | Actual Completion Date | Delivery of Structure Plan (for public consultation) |  | 30-Jun-10 | 30-Sep-10 | 30-Sep-10 | Physical Works Programme | | TBC | TBC | | Project Plan (1st version) |  | 30-Sep-10 | 30-Jul-11 | 30-Jul-11 | Variation 12 Hearings & Decision |  | 31-Aug-10 | 31-Dec-10 | 31-Dec-10 | |  | 30-Apr-11 | 31-April 2012 | 11-Apr-12 | Project Completion Dates: | | 30-Jun-11 | 31-Dec-11 | | |
| Key Milestone Description (no more than 5 Max) | Milestone Status | Planned Completion Date | Current Expected Completion Date | Actual Completion Date | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Delivery of Structure Plan (for public consultation) |  | 30-Jun-10 | 30-Sep-10 | 30-Sep-10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Physical Works Programme | | TBC | TBC | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Plan (1st version) |  | 30-Sep-10 | 30-Jul-11 | 30-Jul-11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Variation 12 Hearings & Decision |  | 31-Aug-10 | 31-Dec-10 | 31-Dec-10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| |  | 30-Apr-11 | 31-April 2012 | 11-Apr-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Completion Dates: | | 30-Jun-11 | 31-Dec-11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Key Information on Project Status: Commissioner's recommendation was taken to Council meeting 11 April, with only minor changes been made to the Rotoruna Suburban Centre. Staff now have 15 days to notify the decision. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Relevant Information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th></th> <th>Past Years 7/2010 - 6/2011</th> <th>Current Year 7/2011 - 6/2012</th> <th>Future Years</th> <th>Total Years Budget, Actual and Projected</th> </tr> </thead> <tbody> <tr> <td>Planned Budget</td> <td>\$ 120,000.00</td> <td>\$ -</td> <td>\$ -</td> <td>\$ 120,000.00</td> </tr> <tr> <td>Actual</td> <td>\$ 101,956.00</td> <td>\$ 3,022.00</td> <td></td> <td>\$ 104,978.00</td> </tr> <tr> <td>Projected</td> <td></td> <td>\$ 14,978.00</td> <td>\$ -</td> <td>\$ 14,978.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>\$ 119,956.00</td> </tr> </tbody> </table> | | | | | | | Past Years 7/2010 - 6/2011 | Current Year 7/2011 - 6/2012 | Future Years | Total Years Budget, Actual and Projected | Planned Budget | \$ 120,000.00 | \$ - | \$ - | \$ 120,000.00 | Actual | \$ 101,956.00 | \$ 3,022.00 | | \$ 104,978.00 | Projected | | \$ 14,978.00 | \$ - | \$ 14,978.00 | | | | | \$ 119,956.00 | | | | | | | | | | | |
| | Past Years 7/2010 - 6/2011 | Current Year 7/2011 - 6/2012 | Future Years | Total Years Budget, Actual and Projected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Planned Budget | \$ 120,000.00 | \$ - | \$ - | \$ 120,000.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual | \$ 101,956.00 | \$ 3,022.00 | | \$ 104,978.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Projected | | \$ 14,978.00 | \$ - | \$ 14,978.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | \$ 119,956.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Project Risks: (top 5 current Risks)</th> <th>Probability</th> <th>Impact</th> <th>Overall Risk</th> <th>Value</th> <th>Comments:</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Final configuration of land held under compensation certificate by HCC is not optimal to development of park</td> <td>Medium</td> <td>Medium</td> <td>Medium</td> <td></td> <td>Negotiations around the land configuration can progress subject to appeals on Variation 12.</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | | | | | Project Risks: (top 5 current Risks) | Probability | Impact | Overall Risk | Value | Comments: | | | | | | | | | | | | | Final configuration of land held under compensation certificate by HCC is not optimal to development of park | Medium | Medium | Medium | | Negotiations around the land configuration can progress subject to appeals on Variation 12. | | | | | | | | | | | | |
| Project Risks: (top 5 current Risks) | Probability | Impact | Overall Risk | Value | Comments: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Final configuration of land held under compensation certificate by HCC is not optimal to development of park | Medium | Medium | Medium | | Negotiations around the land configuration can progress subject to appeals on Variation 12. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Project Status Monitoring Report | | March 2012 | | Hamilton City Council <small>Te Kaitiaki o Kaitiaki</small> | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------------------|---|-------------------------|---|---|--|-------------------------------|---------------------------------|--------------|---|----------------|------------------|---------------|------|------------------|--------|------------------|-----------------|--|------------------|-----------|--|-----------------|------|-----------------|--|--|--|--|------------------|
| Project/Programme: City Heart Project Manager: Jason Harrison Project Sponsor: Chris Allen | | SAP# 917, 1061, 945, 1004, 1005 Project Business Case Doc: Jason Harrison Project Start Date: 01-Jul-08 | | Project Status: 🟡 Project Status Override Activated: No | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>🟢</div> <div>1. On Track</div> </div> | | All on target, no major issues or risks being realised. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>🟡</div> <div>2. Needs to be monitored</div> </div> | | Issues, risks etc have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>🔴</div> <div>3. Needs urgent management attention</div> </div> | | Issues have arisen and will impact the delivery of the project. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Time | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>🟡</div> <div> Key Milestone Description (no more than 5 Max) </div> </div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Milestone Status | Planned Completion Date | Current Expected Completion Date | Actual Completion Date | | | | | | | | | | | | | | | | | | | | | | | | | |
| Garden Place | | 🟡 | Aug 2011 | Aug 2011 | 31-Aug-11 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Car Park (Anglesca St) | | 🔴 | Sept 2011 | Nov 2011 | 04-Dec-11 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Car Park (Shared Lane & Peace Wall) | | 🔴 | March 2012 | June 2012 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ward St East | | 🟢 | May 2012 | Sept 2011 | 30-Sep-11 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ward / Worley Intersection | | 🟢 | May 2012 | May 2012 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Completion Dates: | | | 31-May-12 | 30-Jun-12 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Planned, 31-May-12 | Actual/Expected, 30-Jun-12 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 01-Jul-08 | | 17-Jan-09 | 05-Aug-09 | 21-Feb-10 | 09-Sep-10 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 28-Mar-11 | 14-Oct-11 | 01-May-12 | 17-Nov-12 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Key Information on Project Status: Ward/Worley Intersection - This package of work was approved by Council (March 2012) for inclusion into the CityHeart Programme. The cost associated with this work is to be funded from within the existing CityHeart budget allocation (i.e. no new funding is required). Shared Zone - On schedule & budget to be completed by early June. Claudelands Link - Staff are yet to engage consultant to develop a CityHeart signage strategy and implement the signage identified for the City Centre to Claudelands link. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Relevant Information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | Past Years 7/2008 - 6/2011 | Current Year 7/2011 - 6/2012 | Future Years | Total Years Budget, Actual and Projected | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Planned Budget | \$ 16,253,750.00 | \$ 893,100.00 | \$ - | \$ 17,146,850.00 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual | \$ 11,498,077.37 | \$ 2,738,670.00 | | \$ 14,236,747.37 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Projected | | \$ 2,910,102.63 | \$ - | \$ 2,910,102.63 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | \$ 17,146,850.00 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div> </div> <div> Project Financials </div> </div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Risks: (top 5 current Risks) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Potential schedule impacts on Shared Zone & Ward/Worley I/S build | Low | Medium | Low | | Delays to programme caused by issues outside the Contractors control may increase 'wet days' stoppages | | | | | | | | | | | | | | | | | | | | | | | | | |
| Road Declaration (Shared Lane) | Low | High | Medium | | Final & formal sign off to be obtained from respective land owners. All land owners have provided their verbal endorsement of the work. | | | | | | | | | | | | | | | | | | | | | | | | | |
| Weather | Low | Medium | Low | | Beyond control, but would delay progress | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Project Status Monitoring Report

Project/Programme: District Plan Review (Inclusive of Development Manual)

Project Manager: Paula Rolfe

Project Sponsor: Brian Croad

March 2012

SAP# 871.0

Project Business Case Doc: Paula Rolfe

Project Start Date: 01-Jan-10

Project Status: On Track

Project Status Override Activated: ☐ Yes

| | | |
|---|--------------------------------------|---|
| ✓ | 1. On Track | All on target, no major issues or risks being realised. |
| ⚠ | 2. Needs to be monitored | Issues, risks etc have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc. |
| ✖ | 3. Needs urgent management attention | Issues have arisen and will impact the delivery of the project. |

Time

| Key Milestone Description (no more than 5 Max) | Milestone Status | Planned Completion Date | Current Expected Completion Date | Actual Completion Date |
|--|------------------|-------------------------|----------------------------------|------------------------|
| Planned Council workshops completed | ✓ | 02-Dec-11 | 02-Dec-11 | |
| Council approval of draft DP for consultation | ✓ | 30-Apr-12 | 30-Apr-12 | |
| Council approval of proposed District Plan | ✓ | 30-Aug-12 | 30-Aug-12 | |
| Plan notified | ✓ | 31-Oct-12 | 31-Oct-12 | |

Project Completion Dates:

Planned, 01-Apr-15
 Actual/Expected, 01-Apr-15

Key Information on Project Status:

Project progressing in accordance with approved project plan and amended timeframe and budget. Draft discussion document workshops held (covering: community facilities, open space, major facilities, temporary events & activities, residential, urban trees, heritage, special character areas and natural character areas, industrial, commercial centres, central city local area plan, Ruakura structure plan, city wide activities, water, natural hazards, residential intensification and transportation, subdivision, financial contribution, future urban and rural). Draft discussion document delivered to Councillors on 16 December. Arrangements finalised to conduct preliminary feedback on draft plan in April - June 2012.

Other Relevant Information

It is anticipated that the appeal process will take two years, although this is very much an estimate at this time.

Cost:

| | Past Years 7/2009 - 6/2011 | Current Year 7/2011 - 6/2012 | Future Years 7/2012 - 6/2022 | Total Years Budget, Actual and Projected |
|-----------------------|-------------------------------|---------------------------------|---------------------------------|---|
| Planned Budget | \$ 1,685,350.00 | \$ 895,720.00 | \$ 7,757,200.00 | \$ 10,338,270.00 |
| Actual | \$ 1,684,008.00 | \$ 623,371.00 | | \$ 2,307,379.00 |
| Projected | | \$ 272,349.00 | \$ 7,757,200.00 | \$ 8,029,549.00 |
| | | | | \$ 10,336,928.00 |

Project Financials as at March 2012

Project Financials

Risk:

| Project Risks: (top 5 current Risks) | Probability | Impact | Overall Risk | Value | Comments: |
|--------------------------------------|-------------|--------|--------------|---------|--|
| Proposed changes to RMA | Medium | Medium | Medium | unknown | Active monitoring of Government changes |
| Operative District Plan Not in place | High | Medium | High | unknown | Need to be fully operative for a "Review" to be undertaken |
| Ineffective consultation | Medium | Medium | Medium | unknown | Communication strategy address risk |
| Staff resourcing | Medium | Medium | Medium | unknown | Response identified for key conflict areas |

| Project Status Monitoring Report | | March 2012 | | Hamilton City Council <small>Te Kaitiaki o Haurua o Kaitiaki</small> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------------------|---|----------------------------------|--|--|--------------------------------------|-------------------------------|---------------------------------|----------------------------------|--|---|---|-----------------|-----------|------------------|---|---|--------------------------|-----------|------------------|---------------------|---|--|-----------------|---------------|----------------------|------|-----------|--|------------------|--|---|-----------|-----------|--|----------------------------------|--|-----------|-----------|--|
| Project/Programme: ITM400 Hamilton V8 Event 2012 Project Manager: Carol Serra Project Sponsor: Sean Murray | | SAP# Project Business Case Doc: Carol Serra Project Start Date: 01-Sep-11 | | Project Status: ✔ Project Status Override Activated: Yes | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>✔</div> <div>1. On Track</div> </div> | | All on target, no major issues or risks being realised. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>⚠</div> <div>2. Needs to be monitored</div> </div> | | Issues, risks etc have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>✖</div> <div>3. Needs urgent management attention</div> </div> | | Issues have arisen and will impact the delivery of the project. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Time | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | Milestone Status | Planned Completion Date | Current Expected Completion Date | Actual Completion Date | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Complete individual unit and overall project plans and finalise budgets | ✖ | 20-Dec-11 | 23-Jan-12 | 23-Jan-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Undertake the required pre event Resource Consent reporting | ✔ | 17-Feb-12 | 17-Feb-12 | 17-Feb-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hand over the track | ✔ | 12-Apr-12 | 12-Apr-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Complete restoration | ✔ | 17-Jul-12 | 17-Jul-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Complete final resource consent reporting requirements | ✔ | 17-Jul-12 | 17-Jul-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Completion Dates: | | 17-Jul-12 | 17-Jul-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Key Information on Project Status: One resource consent compliance requirement to be completed - HAZNO Certification due 19 April. All others completed in accordance with requirements and time frame. V8SC have signalled they are activating the stage two build of the Pit Lane Club Stand - a 412 flexi stand on Mill Street. A resident of Mill Street has engaged a lawyer to seek "nuisance" damages from V8SC - this person sought similar compensation from HCC via the small claims court last year without success. Previously advised Savings of \$50k identified in Forecast 2 (2011/2012) and revenue of \$22k from asset hire included in this Forecast. Additional 2k asset hire to be received in April 2012. Potential for more savings if weather remains dry. Asset schedule completed and final discussions progressing re replacement of temporary blocks on Mill Street (parallel to Passing Red). No issues have arisen at this point regarding V8SC decision to not build of the Commerce Street overbridge. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Relevant Information As previously reported - no change Council have approved a deal offered by V8SC Australia which sees the 2012 event as the last in Hamilton (finishing two years earlier than consented and contracted). V8SC will pay HCC \$1.25m by way of compensation and take responsibility for some of the event related assets as at 30 April 2012. V8SC will be entitled to retain the assets in the current V8 yard until 30 November 2013 at the latest, at their risk. The first of the two \$625k payments in this regard has been received. As previously reported - no change The total capital cost of race infrastructure was \$17,979,000. A further \$2,293,912 has been spent on precinct costs. This was previously advised to Council and disclosed as part of the Mayor's Hamilton News media release of 17 December 2010. Council has also incurred the following one off costs associated with the transition of event promoters - \$1,580,000 Bad debt right off and \$3,506,000 transition payments made to Avesco. Council also received \$160,000 of race assets from CSM Limited. Over the five events Council will receive \$2,335,600 (net of bad debt) in race related revenue. Council has also incurred interest costs on the initial \$7.3 million debt raised of \$2,159,000. The deficit reserve totalling an estimate of \$13,984,000 at April 30 2012 will be transferred into debt after the 2012 event, in the 2011/12 year. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | Past Years 7/2007 - 6/2010 | Current Year 7/2011 - 6/2012 | Future Years | Total Years Budget, Actual and Projected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Planned Budget | \$ 10,376,424.00 | \$ 1,244,240.00 | \$ - | \$ 11,620,664.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual | \$ 10,673,151.00 | \$ 511,334.00 | | \$ 11,184,485.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Projected | | \$ 682,906.00 | \$ - | \$ 682,906.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | \$ 11,867,391.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Financials | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project Risks: (top 5 current Risks) | Probability | Impact | Overall Risk | Value | Comments: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Project Status Monitoring Report

March 2012

Project/Programme:

Project Manager:

Project Sponsor:

Claudelands Development Programme

Chad Hooker

Blair Bowcott

SAP# 524.0

Project Business Case Doc: Chad Hooker

Project Start Date: 01-Jul-06

Project Status:

Project Status Override Activated:

1. On Track

All on target, no major issues or risks being realised.

2. Needs to be monitored

Issues, risks etc have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.

3. Needs urgent management attention

Issues have arisen and will impact the delivery of the project.

Time

Key Milestone Description (no more than 5 Max)

Milestone Status

Planned Completion Date

Current Expected Completion Date

Actual Completion Date

Project construction now completed

30-Jun-11

Project Completion Dates:

31-Jul-11

31-Jul-11

30-Jun-11

01-Jul-06

17-Jan-07

05-Aug-07

21-Feb-08

08-Sep-08

27-Mar-09

13-Oct-09

01-May-10

17-Nov-10

05-Jun-11

22-Dec-11

Key Information on Project Status:

The Physical construction of the project is now complete and the defect phase is nearing completion.

The concrete floor in the Arena has been curling at the joints and as a precaution a concrete specialist was engaged to inspect the floor. Their report has identified remedial action to be taken by the contractor. Assessment and remedial works are continuing.

The final gross cost of the project will be \$70.247m as reported to the Finance & Monitoring committee on 15 December 2011.

Other Relevant Information

Note: this report shows total project cost from all funding sources. This report differs from previous reports to the F&M committee in so far as the expenditure from other sources is now shown as a positive cost. Previously these amounts were shown as negatives in order to monitor the cost against the loan funding of \$68.4m (final amount is \$68.9m). Note that the expenditure from other sources were for items outside of the scope of the Claudelands project budget such as site-wide fencing, site-wide signage, deferred maintenance work, site infrastructure and other works such as additional car parks to Claudelands play-ground/general park and wetland drainage works.

Cost:

Past Years

Current Year

Future Years

Total Years Budget, Actual and Projected

7/2006 - 6/2011

7/2011 - 6/2012

Planned Budget

\$ 69,850,682.00

\$ -

\$ -

\$ 69,850,682.00

Actual

\$ 69,777,757.00

\$ 467,272.00

\$ 70,240,029.00

Projected

\$ 6,971.00

\$ -

\$ 6,971.00

\$ 70,247,000.00

Project Financials as at March 2012

Project Financials

\$80,000,000.00

\$70,000,000.00

\$60,000,000.00

\$50,000,000.00

\$40,000,000.00

\$30,000,000.00

\$20,000,000.00

\$10,000,000.00

\$-

Past Years

Current Year

Future Years

Total Years Budget, Actual and Projected

7/2006 - 6/2011

7/2011 - 6/2012

Planned Budget

Actual

Projected

Risk:

Project Risks: (top 5 current Risks)

Concrete floor in Arena curling at the joints

High


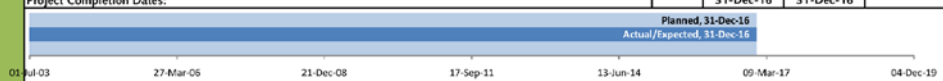
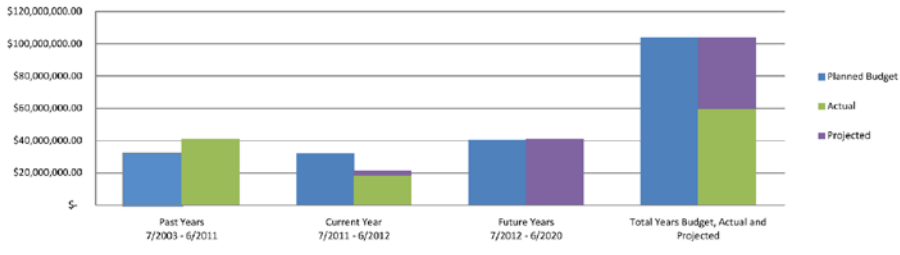
Low


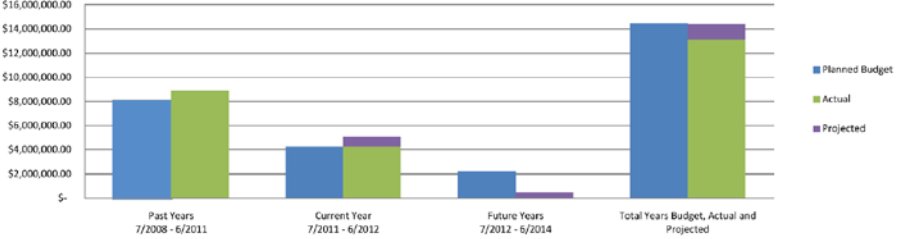
Medium


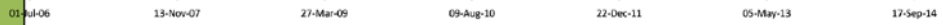
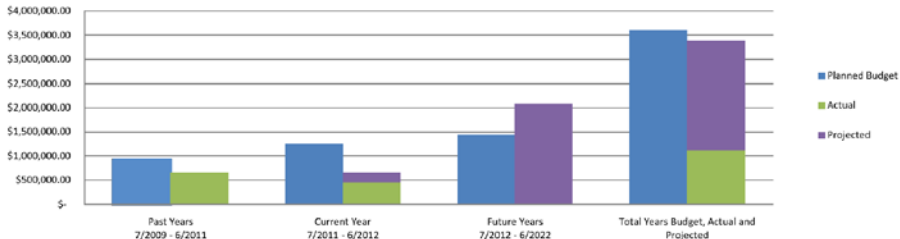
Maximum of \$20K


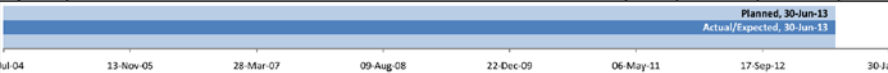
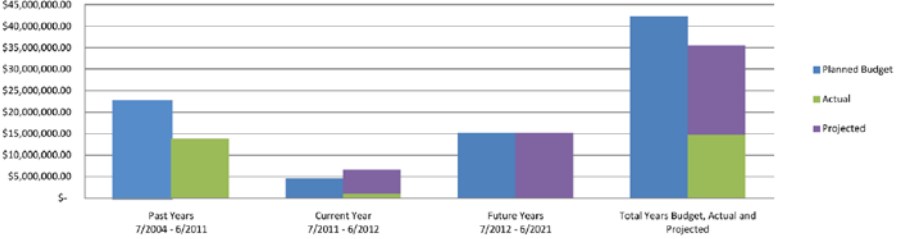
Concrete specialist has recommended remedial actions. Assessment and remedial works are continuing. Insurance (contract insurance) notified of potential claim.

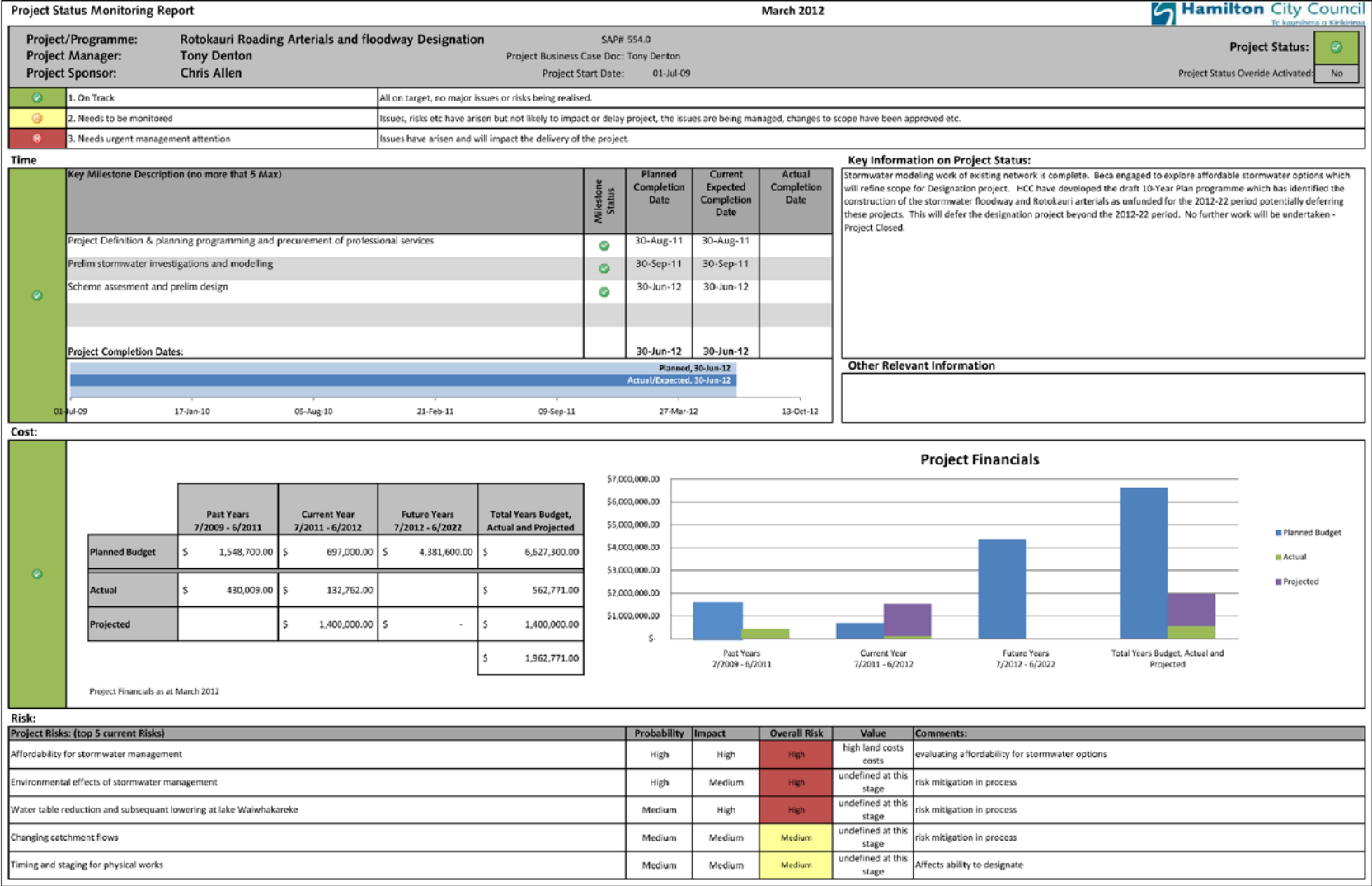
| Project Status Monitoring Report | | March 2012 | Hamilton City Council <small>Te Kaitiaki o te Kaitiaki</small> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|--|--|---|-------------|---------------------------------|--------------|---|-----------------------|---|---------------|------|---------------|---------------|---|---|-----|---------------|------------------|--|---|---------------------------------------|---------------|-----|--------|--|---|---|-----|------|--------|--|--|--|------|--------|------|---------------|---|
| Project/Programme: 2012-22 Long Term Plan Project Manager: Paul Gower Project Sponsor: Blair Bowcott | | SAP# Project Business Case Doc: Paul Gower Project Start Date: 01-Aug-10 | | Project Status: ✔ Project Status Override Activated: Yes | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ✔ | 1. On Track | All on target, no major issues or risks being realised. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ⚠ | 2. Needs to be monitored | Issues, risks etc have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ✖ | 3. Needs urgent management attention | Issues have arisen and will impact the delivery of the project. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Time | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ⚠ | Key Milestone Description (no more than 5 Max) | Milestone Status | Planned Completion Date | Current Expected Completion Date | Actual Completion Date | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Growth approach for LTP confirmed | ✖ | 31-Mar-11 | 30-Jun-11 | 14-Jul-11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Outputs from Level of Service Review confirmed | ✖ | 30-Aug-11 | 15-Nov-11 | 10-Nov-11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Rating Review Options decided | ✖ | 30-Sep-11 | 16-Dec-11 | 16-Dec-11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Adoption of Proposed LTP | ⚠ | 28-Feb-12 | 15-Mar-12 | 15-Mar-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Adoption of Final LTP | ✔ | 30-Jun-12 | 30-Jun-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Project Completion Dates: | | | 30-Jun-12 | 30-Jun-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Key Information on Project Status: On 15 March Council adopted the Draft 10-Year Plan with an unqualified audit opinion. The formal consultation period was from 19 March - 19 April 2012. The hearings process will begin on 14 May 2012. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Relevant Information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ✖ | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Past Years</th> <th>Current Year 7/2011 - 6/2012</th> <th>Future Years</th> <th>Total Years Budget, Actual and Projected</th> </tr> </thead> <tbody> <tr> <td>Planned Budget</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ 259,700.00</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ 259,700.00</td> </tr> <tr> <td>Actual</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ 269,198.00</td> <td></td> <td style="text-align: right;">\$ 269,198.00</td> </tr> <tr> <td>Projected</td> <td></td> <td style="text-align: right;">\$ 105,502.00</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ 105,502.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">\$ 374,700.00</td> </tr> </tbody> </table> | | | | | Past Years | Current Year 7/2011 - 6/2012 | Future Years | Total Years Budget, Actual and Projected | Planned Budget | \$ - | \$ 259,700.00 | \$ - | \$ 259,700.00 | Actual | \$ - | \$ 269,198.00 | | \$ 269,198.00 | Projected | | \$ 105,502.00 | \$ - | \$ 105,502.00 | | | | | \$ 374,700.00 | | | | | | | | | | | |
| | | Past Years | Current Year 7/2011 - 6/2012 | Future Years | Total Years Budget, Actual and Projected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Planned Budget | \$ - | \$ 259,700.00 | \$ - | \$ 259,700.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | \$ - | \$ 269,198.00 | | \$ 269,198.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Projected | | \$ 105,502.00 | \$ - | \$ 105,502.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | \$ 374,700.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Financials as at March 2012 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Project Risks: (top 5 current Risks)</th> <th>Probability</th> <th>Impact</th> <th>Overall Risk</th> <th>Value</th> <th>Comments:</th> </tr> </thead> <tbody> <tr> <td>Documents that have been produced for consultation and consultation plans do not match political expectations and rework is required with additional costs.</td> <td style="text-align: center;">Low</td> <td style="text-align: center;">Low</td> <td style="text-align: center;">Low</td> <td></td> <td>This risk is now mitigated by sign-off of documents from elected members.</td> </tr> <tr> <td>Completion of AMPs (network infrastructure)</td> <td style="text-align: center;">Low</td> <td style="text-align: center;">Medium</td> <td style="text-align: center;">Low</td> <td></td> <td>AMPs have been reviewed by audit and improvement plan being developed for AMPs within the organisation. More audit feedback is anticipated in the Management Letter to the organisation</td> </tr> <tr> <td>Completion of AMPs (other activities)</td> <td style="text-align: center;">High</td> <td style="text-align: center;">Low</td> <td style="text-align: center;">Medium</td> <td></td> <td>AMPs have been reviewed by audit and improvement plan being developed for AMPs within the organisation. More audit feedback is anticipated in the Management Letter to the organisation</td> </tr> <tr> <td>Draft working financial parameters are not able to be translated into politically agreed service changes to Council's projects and programmes</td> <td style="text-align: center;">Low</td> <td style="text-align: center;">High</td> <td style="text-align: center;">Medium</td> <td></td> <td>Council has agreed on an approach for the draft plan and is consulting on these parameters - these may change following consultation</td> </tr> <tr> <td>Cost of project will exceed projected budget due to additional specialist resources required to deliver high quality outcomes and consultation and Rating Review costs</td> <td style="text-align: center;">High</td> <td style="text-align: center;">Medium</td> <td style="text-align: center;">High</td> <td style="text-align: right;">\$ 115,000.00</td> <td>Strategy & Research unit operating budget has been identified to mitigate this cost</td> </tr> </tbody> </table> | | | | | Project Risks: (top 5 current Risks) | Probability | Impact | Overall Risk | Value | Comments: | Documents that have been produced for consultation and consultation plans do not match political expectations and rework is required with additional costs. | Low | Low | Low | | This risk is now mitigated by sign-off of documents from elected members. | Completion of AMPs (network infrastructure) | Low | Medium | Low | | AMPs have been reviewed by audit and improvement plan being developed for AMPs within the organisation. More audit feedback is anticipated in the Management Letter to the organisation | Completion of AMPs (other activities) | High | Low | Medium | | AMPs have been reviewed by audit and improvement plan being developed for AMPs within the organisation. More audit feedback is anticipated in the Management Letter to the organisation | Draft working financial parameters are not able to be translated into politically agreed service changes to Council's projects and programmes | Low | High | Medium | | Council has agreed on an approach for the draft plan and is consulting on these parameters - these may change following consultation | Cost of project will exceed projected budget due to additional specialist resources required to deliver high quality outcomes and consultation and Rating Review costs | High | Medium | High | \$ 115,000.00 | Strategy & Research unit operating budget has been identified to mitigate this cost |
| Project Risks: (top 5 current Risks) | Probability | Impact | Overall Risk | Value | Comments: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Documents that have been produced for consultation and consultation plans do not match political expectations and rework is required with additional costs. | Low | Low | Low | | This risk is now mitigated by sign-off of documents from elected members. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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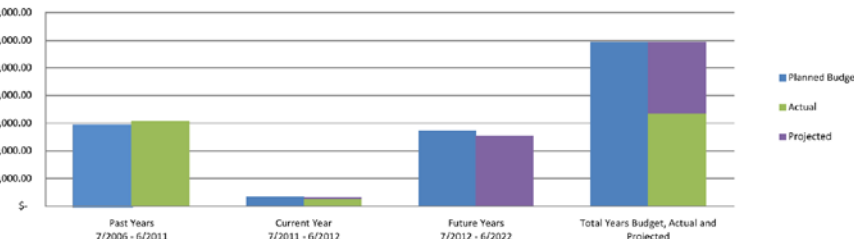
| Project Status Monitoring Report | | March 2012 | |  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------------------------|---|----------------------------------|--|---|--------------------------------------|-------------------------------|---------------------------------|----------------------------------|---|-----------------------|--------------------------------------|------------------|------------------|-------------------|---|--|--|-----------|------------------|--|------------|---|--|------------------|---|--------|--------------|---|--|--|--------|-----------|--------------|---|--|--------|-----------|-----------|--------------|---|
| Project/Programme: Hamilton Ring Road Upgrade and Extension Project Manager: Martin Mould Project Sponsor: Chris Allen | | SAP# 544/375 Project Business Case Doc: Martin Mould Project Start Date: 01-Jul-03 | | Project Status: ✔ Project Status Override Activated: No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div style="background-color: #d9ead3; padding: 5px;"> ✔ 1. On Track </div> | | All on target, no major issues or risks being realised. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div style="background-color: #fff2cc; padding: 5px;"> ⚠ 2. Needs to be monitored </div> | | Issues, risks etc have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div style="background-color: #f4cccc; padding: 5px;"> ✖ 3. Needs urgent management attention </div> | | Issues have arisen and will impact the delivery of the project. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Time | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div style="display: flex;"> <div style="flex: 1;"> <p>Key Milestone Description (no more than 5 Max)</p> <table border="1"> <thead> <tr> <th></th> <th>Milestone Status</th> <th>Planned Completion Date</th> <th>Current Expected Completion Date</th> <th>Actual Completion Date</th> </tr> </thead> <tbody> <tr> <td>Contract Award</td> <td style="text-align: center;">✔</td> <td>30-Nov-10</td> <td>30-Nov-10</td> <td>30-Nov-10</td> </tr> <tr> <td>Separable Portion A Pukete Road to River Road</td> <td style="text-align: center;">✔</td> <td>31-Jul-12</td> <td>20-Jun-12</td> <td></td> </tr> <tr> <td>Separable Portion E River Road to Resolution Drive</td> <td style="text-align: center;">✔</td> <td>20-Jun-13</td> <td>20-Jun-13</td> <td></td> </tr> <tr> <td>Separable Portion B Crosby Road to Ruakura Road</td> <td style="text-align: center;">✔</td> <td>31-Jul-12</td> <td>20-Jun-12</td> <td></td> </tr> <tr> <td>Separable Portion D Ruakura Road to Cambridge Road</td> <td style="text-align: center;">✔</td> <td>31-Dec-16</td> <td>31-Dec-16</td> <td></td> </tr> <tr> <td>Project Completion Dates:</td> <td></td> <td>31-Dec-16</td> <td>31-Dec-16</td> <td></td> </tr> </tbody> </table> </div> <div style="flex: 1;"> <p>Key Information on Project Status:</p> <p>Council draft 10-Year Plan deliberations to delay Ruakura Road to Cambridge Road section by two years and add Cambridge Road to Cobham Drive section. Budget includes Ring Road extension along with the Wairere Drive 4 laning (Te Rapa Road to Pukete Road) and Wairere Drive Stage 3 (Huntington West to Tramway Road). Variation negotiated to include the Ruakura Road/Peachgrove Road/Te Aroha intersection works into the Project/Contract.</p> </div> </div> | | | | | | | Milestone Status | Planned Completion Date | Current Expected Completion Date | Actual Completion Date | Contract Award | ✔ | 30-Nov-10 | 30-Nov-10 | 30-Nov-10 | Separable Portion A Pukete Road to River Road | ✔ | 31-Jul-12 | 20-Jun-12 | | Separable Portion E River Road to Resolution Drive | ✔ | 20-Jun-13 | 20-Jun-13 | | Separable Portion B Crosby Road to Ruakura Road | ✔ | 31-Jul-12 | 20-Jun-12 | | Separable Portion D Ruakura Road to Cambridge Road | ✔ | 31-Dec-16 | 31-Dec-16 | | Project Completion Dates: | | 31-Dec-16 | 31-Dec-16 | | |
| | Milestone Status | Planned Completion Date | Current Expected Completion Date | Actual Completion Date | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contract Award | ✔ | 30-Nov-10 | 30-Nov-10 | 30-Nov-10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Separable Portion A Pukete Road to River Road | ✔ | 31-Jul-12 | 20-Jun-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Separable Portion E River Road to Resolution Drive | ✔ | 20-Jun-13 | 20-Jun-13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Separable Portion B Crosby Road to Ruakura Road | ✔ | 31-Jul-12 | 20-Jun-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Separable Portion D Ruakura Road to Cambridge Road | ✔ | 31-Dec-16 | 31-Dec-16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Completion Dates: | | 31-Dec-16 | 31-Dec-16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div style="display: flex;"> <div style="flex: 1;"> <p>Other Relevant Information</p> <p>The project is subject to advanced funding from NZTA with local share to be repaid to NZTA inline with agreed timeframes.</p> </div> <div style="flex: 1;">  </div> </div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | Past Years 7/2003 - 6/2011 | Current Year 7/2011 - 6/2012 | Future Years 7/2012 - 6/2020 | Total Years Budget, Actual and Projected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Planned Budget | \$ 31,566,956.00 | \$ 31,997,000.00 | \$ 40,502,000.00 | \$ 104,065,956.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual | \$ 41,086,583.00 | \$ 18,476,853.00 | | \$ 59,563,436.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Projected | | \$ 3,375,000.00 | \$ 40,946,500.00 | \$ 44,321,500.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | \$ 103,884,936.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Contract exceeds approved contract sum | Low | High | Medium | \$ 4,000,000 | Monthly monitoring and early notification of issues | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Unsuitable ground cause time and cost implications | Medium | Medium | Medium | \$ 2,000,000 | Monthly monitoring and early notification of issues | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Design issues cause time and cost implications | Medium | Medium | Medium | \$ 1,000,000 | Monthly monitoring and early notification of issues | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |


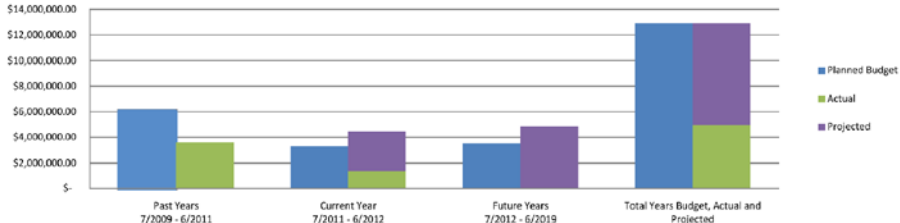
| Project Status Monitoring Report | | | March 2012 | |  <small>Te Kaitiaki o Hāwhiorangi</small> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------------------|---|----------------------------------|--|---|--|-------------------------------|---------------------------------|----------------------------------|---|---------------------|------------------------------------|-----------------|-----------------|------------------|-----------------------|---|--------------------------|-----------|------------------|-----------|-----------------------|--------------------------|---------------|-----------------|--|--|--|--|------------------|--|--|--|--|--|----------------------------------|--|-----------|-----------|--|--|
| Project/Programme: Te Rapa Bypass Project Manager: Martin Mould Project Sponsor: Chris Allen | | SAP# 861.0 & 547.0 Project Business Case Doc: Martin Mould Project Start Date: 01-Jul-08 | | Project Status: ✔ Project Status Override Activated: No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| <div> <div> <div>01-Jul-08</div> <div>17-Jan-09</div> <div>05-Aug-09</div> <div>21-Feb-10</div> <div>09-Sep-10</div> <div>28-Mar-11</div> <div>14-Oct-11</div> <div>01-May-12</div> <div>17-Nov-12</div> <div>05-Jun-13</div> <div>22-Dec-13</div> </div> <div> <div>Planned, 30-Jun-13</div> <div>Actual/Expected, 30-Jun-13</div> </div> </div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Key Information on Project Status: Note: HCC is a funding partner for this project and is not delivering the project. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Relevant Information Road naming report is to be presented to Council. Land sale and purchase report will be required for consideration by Council. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Projected | | \$ 797,000.00 | \$ 450,000.00 | \$ 1,247,000.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | \$ 14,384,572.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project Financials as at March 2012 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project Status Monitoring Report | | March 2012 | |  <small>Te Kaitiaki o Kaitiaki</small> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------------------|--|---------------------------------|--|---|--------------------------------------|---|----------------|---------------|-----------------|-----------------|--|--------|---------------|---------------|-------|--------------------------------------|--|------|---------------|-----------------|-----------------|---|---|-----|------|-----------------|---|---|---|--------|------|------|--------|---|--------------------------------------|--------|------|------|-------------------------|--|
| Project/Programme: Southern Links - Designation as part of the Peacocke Structure Plan Project Manager: Tony Denton Project Sponsor: Chris Allen | | SAP# 533.0 Project Business Case Doc: Tony Denton Project Start Date: 01-Jul-09 | | Project Status: ✔ Project Status Override Activated: No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>✔</div> <div>1. On Track</div> </div> | | All on target, no major issues or risks being realised. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | Milestone Status | Planned Completion Date | Current Expected Completion Date | Actual Completion Date | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scheme Assessment | | ✔ | 30-Jun-12 | 30-Jun-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project Completion Dates: | | | 30-Jun-13 | 30-Jun-13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Planned, 30-Jun-13 | Actual/Expected, 30-Jun-13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Key Information on Project Status: Macro-scope report presented to strategy and policy committee 5/4/12 and report approved at full council meeting 11/4/12. The work programme will be delayed to gather more supportive information on cultural matters, traffic modelling, geotechnical investigations and network modifications related to consultation. Further consultation will occur with those directly affected land owners seeking solutions that refine the preferred network to provide a balanced outcome for the project and owners. The development of the scheme assessment will occur in the coming period with a further open day later this year showing the public the final southern links network. The Project Team is actively coordinating with other projects such as the Waikato Expressway and Tamahere Structure Plan. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Relevant Information Tainui are seeking a formal partnership arrangement for the project through NZTA with associated financial compensation under the joint contract. A contractual agreement has been developed that includes procurement of the cultural assessment. Ngati Wairere have held a hui to confirm whom will represent this group on the iwi working party. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>✔</div> <div>Project Financials</div> </div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project Status Monitoring Report | | March 2012 | |  <small>Te Kaitiaki o Kaitiaki</small> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------------------------|---|----------------------------------|--|---|--|-------------------------------|---------------------------------|----------------------------------|---|---------------------------------------|---|-----------------|------------------|------------------|----------------------|---------------------------------------|---|-----------|------------------|---------------------|----------------------|--------------------------------|------------------------------------|------------------|--------|--------|----------------------|---|---------------------------------|-----|------|--------|--------------|---|----------------------------------|--------|-----------|-----------|----------------------|---|
| Project/Programme: Waste Water Treatment Plant Upgrade Project Manager: Martin Mould Project Sponsor: Chris Allen | | SAP# 238.0 Project Business Case Doc: Martin Mould Project Start Date: 01-Jul-04 | | Project Status: ✔ Project Status Override Activated: No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Key Information on Project Status: Council approval to assess option of digester refurbishment. Downer engaged to prepare digester upgrade proposal and chemical testing and preliminary design commissioned. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Relevant Information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project Status Monitoring Report | | March 2012 | |  <small>Te Kaitiaki o Te Kaitiaki</small> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project/Programme: Variations to Proposed District Plan & Structure Plan Project Manager: Alice Morris/Robert Hodges Project Sponsor: Brian Croad | | SAP# 850.0 Project Business Case Doc: Alice Morris/Robert Hodges Project Start Date: 01-Jul-06 | | Project Status: ✔ Project Status Override Activated: No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>✔</div> <div>1. On Track</div> </div> | | All on target, no major issues or risks being realised. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div> <div>⚠</div> <div>2. Needs to be monitored</div> </div> | | Issues, risks etc have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Key Information on Project Status: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>* Variation 12 - Rotoruna Stages 3 & 4 hearing of submissions completed. Commissioner's recommendations received and were reported to Full Council on 11 April 2012. Council endorsed the recommendations. Formal decisions will be issued on 28 April.</p> <p>* Variation 14 - A final settlement proposal has been circulated to the appellants. Hearing time has been reserved with the Environment Court for August in case the settlement package is rejected.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Relevant Information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project Status Monitoring Report | | | March 2012 | |  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project/Programme: Phoenix Programme Project Manager: Eion Hall Project Sponsor: Olly te Ua | | SAP# 904.0 Project Business Case Doc: Eion Hall Project Start Date: 01-Jul-09 | | Project Status: ✔ Project Status Override Activated: No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| ✖ 3. Needs urgent management attention | | Issues have arisen and will impact the delivery of the project. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Regulatory 'Go Live' | ✔ | 30-Nov-11 | 30-Nov-11 | 07-Nov-11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Web 'Go Live' phase 1 | ✔ | 31-Mar-12 | 31-Mar-12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Completion Dates: | | 30-Jun-13 | 30-Jun-13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Key Information on Project Status: The business case for the Assets project was tabled at the March Exec governance meeting, approved, and will be presented at the May F&M meeting. A SoW is currently being negotiated with INFOR. Planning continues with the HR/Payroll project. It is proposed that further data and process work be completed at the front end of the project. This has pushed out the date for a business case and a project proposal will be tabled with Exec governance in late April. The web project went live with minimal disruption and general feedback has been positive. Planning for the phase two of the web programme is underway. The draft shared services MOU is now sitting with HCC to finalise, it is anticipated this will be complete by the end of April. A showcase to elected members of the Phoenix programme is scheduled for 18/4. Members of staff have been invited to demonstrate the benefits the Phoenix programme is delivering to the business. A complete programme risk review is scheduled for the April Executive governance meeting. The next QA review by Audit NZ is scheduled to take place in the last week of May. A recast budget was tabled at the March exec governance meeting. Key differences were increased costs for assets and financials projects which will be funded from savings achieved in other projects. The PPO remains confident the Phoenix programme will still be delivered within the \$12.8m budget. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Relevant Information The 12.8m budget represents the capital cost of the Phoenix Programme. Operational costs are included within the overall IS Operating budget, which totals \$8.7M for the 11/12 financial year. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Actual | \$ 3,601,217.00 | \$ 1,350,216.00 | | \$ 4,951,433.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | | \$ 12,888,454.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  <p>Project Financials</p> <p>The chart displays the Planned Budget, Actual, and Projected costs across four categories: Past Years (7/2009 - 6/2011), Current Year (7/2011 - 6/2012), Future Years (7/2012 - 6/2019), and Total Years Budget, Actual and Projected. The Y-axis represents cost in dollars, ranging from \$0 to \$14,000,000.00. The Planned Budget is shown in blue, Actual in green, and Projected in purple.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Project Phoenix Update Report **Author:** David Gunn

| | |
|---|--|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | |
| Financial overview | <i>The Project remains on track to deliver on its objective within its allocated capital budget of \$12.88m.</i> |

1. Purpose of the Report

- To provide an overview of the status of the Phoenix programme including the programme's financial position, programme activity, current programme plan and key risks, including an Asset Management project business case and a re-forecast programme budget.
- To report on the realisation of potential shared service recoveries from the Web/Customer engagement programme.

4. Executive Summary

- Programme Phoenix remains on track to deliver business objectives within the allocated capital budget of \$12,880,100. To date \$4.9m of the \$12.8m allocated capital budget has been spent. It is forecasted a further \$7.9m is needed to deliver the programme.
- The programme currently has \$484,000 unallocated. This represents 6% of the remaining budget and is made up of contingency held at the programme level (\$180,000) and shared services recoveries (\$304,000). It is recommended that this be retained until the completion of the programme to mitigate risk.
- The Phoenix Programme Office has re-forecast the plan and budget for the remainder of the programme. Key variations in the re-forecast budget include closing a number of projects under budget, confirming scope and budget of the Assets and HR /Payroll projects and confirming shared service recoveries.
- Web programme activity has identified that of the \$676,000 potential shared service recoveries previously reported, \$304,000 can now be confirmed and has been included in the re-forecast budget. Additional recoveries can be achieved through subsequent Councils joining the shared service.
- Due to the deferment of the Financials project, the programme is now forecast to extend into late 2013.
- The next Audit NZ audit is scheduled for late May 2012. All previous audit recommendations have now been actioned.
- The organisation's risk framework continues to be applied to the Phoenix programme. Key risks that have the potential to prevent the programme meeting its business objectives are changes to the organisation's business model, the organisation's capacity to engage with the programme and the speed at which technology evolves.

12. Recommendation/s from Management

- 13. That the report be received.
- 14. Any project savings or shared service recoveries are retained within the programme.

15. Attachments

- 16. Attachment 1 - Assets Project Business Case v1.0
- 17. Attachment 2 - Phoenix Programme Action Register - F&M May 12

18. Programme Financial Position

- 19. The Phoenix Programme Office (PPO) remains confident that the Phoenix programme will deliver on its business objectives within the approved budget of \$12,888,100.
- 20. To date \$4.9m of the \$12.8m allocated capital budget has been spent. It is forecasted a further \$7.9m is needed to deliver the programme. This includes contingency and excludes any shared services recoveries.
- 21. The programme currently has \$484,000 unallocated. This represents 6% of the remaining budget and is made up of contingency held at the programme level (\$180,000) and shared services recoveries (\$304,000). It is recommended that this be retained until the completion of the programme to mitigate risk.
- 22. The 2011/12 budget was for \$5.61m, estimated spend to 30/6/12 is \$2m. Forecasting a carryover of \$3.6m. It is forecast that \$4.1m will be spent in the 2012/2013 financial year.
- 23. The \$12.8m budget represents the capital cost of the Phoenix Programme. Operational costs such as internal staff resourcing and ongoing software licence maintenance and support are included within the overall IS Operating budget, which totals \$8.7M for the 11/12 financial year.

24. Programme Activity

- 25. A key activity for the period has been to re-forecast the plan and budget for the remainder of the programme. The table below depicts the re-forecast budget. Activities that have influenced this include validating the potential web programme shared service recoveries and confirming the scope and costs of the Assets and HR/Payroll projects.

| Activity | Expenditure to Date | Shared Service Recoveries | Estimate to Complete | Project Contingency | Reforecast Budget inc. Contingency | Project Status |
|--|---------------------|---------------------------|----------------------|---------------------|------------------------------------|---|
| Cross Programme costs | 828,497 | | 671,503 | 484,496 | 1,984,496 | Includes integration, probity & audit, legal, general administration, system architecture, business process modelling, communication, and change management |
| Authority financial management application - failed installation (now written off) | 248,466 | | 0 | 0 | 248,466 | Closed |
| Community Facilities and Events | 312,853 | | 0 | 0 | 312,853 | Closed |
| Upgrade of Microsoft Office | 25,792 | | 0 | 0 | 25,792 | Closed |
| Library management system | 217,224 | | 0 | 0 | 217,224 | Closed |
| Geographical Information System (GIS) | 518,523 | | 0 | 0 | 518,523 | Closed |
| GIS External Viewer | 3,375 | | 34,125 | 7,500 | 45,000 | Currently in procurement process. Budget and scope to be validated. |
| Electronic document management system | 1,313,067 | | 0 | 0 | 1,313,067 | Closed |
| City Growth and Development (Regulatory) | 828,066 | | 120,623 | 0 | 948,689 | System live - Project close activities underway. |
| Human Resources and Payroll | 8,112 | | 255,089 | 26,320 | 289,520 | Planning Underway. Business Case to be completed May 12. |
| Asset management | 17,450 | | 1,190,400 | 120,785 | 1,328,635 | Currently in procurement process. Budget and scope validated. Business Case to go to F&M May |
| Financial management | 0 | | 1,150,000 | 230,000 | 1,380,000 | On Hold |
| Customer Engagement Programme (Web programme and CRM) | | | | | | |
| Sharepoint Platform and Internet | 517,895 | 100,000 | 205,105 | 36,150 | 659,150 | System live - Project close activities underway. |
| Intranet | 0 | 48,000 | 273,000 | 40,950 | 265,950 | Planning Underway. |
| E-services and Integration | 110,025 | 156,000 | 932,831 | 156,428 | 1,043,284 | LTP and District Plan Live. Shared E services Pilot underway. Business Case for remainder of E-services complete May 2012 |
| CRM | 0 | 0 | 653,000 | 97,950 | 750,950 | Estimate based on Vendor discussions |
| Application Currency until 2019 | 0 | | 1,415,000 | 141,500 | 1,556,500 | |
| Total Budget | 4,949,345 | 304,000 | 6,900,676 | 1,342,080 | 12,888,100 | |

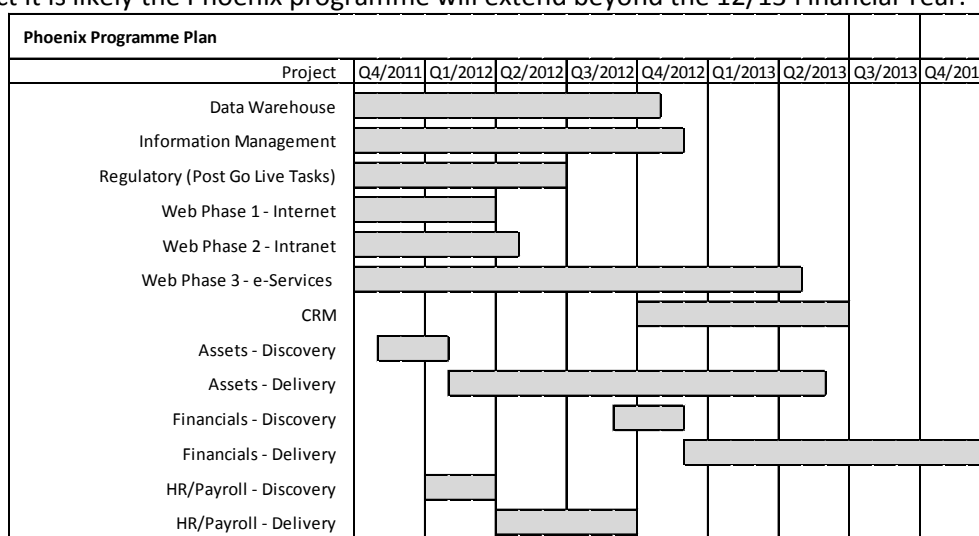
26. The Community Facilities and Events, MS Office 2007, Library Management System (Spydus), GIS and EDRMS projects have been closed.
27. The Regulatory project has cost less than anticipated. This is largely due to lower than anticipated use of external resources, effective management of the vendor relationship risk, unused contingency and some integration costs being shifted to the e-services project. The reforecast budget has been updated to reflect this.
28. The Vendor scoping exercise has been completed for the Assets project and confirmed that the incumbent software (Hansen) can meet HCC's requirements. This exercise has identified that key processes and supporting data require higher than anticipated rework. The budget has been reforecast to cater for this. A business case has been approved by Executive Governance and is attached for information. A contract will be bought to the 26 June Finance and Monitoring Committee for approval.
29. The Financial project remains on hold. This forecast cost of the project has been updated based on information from prospective vendors (including incumbent Oracle/PeopleSoft) and initial conversations with the interim CFO. The final scope and cost of the project will be validated with the new CFO, and presented to Council as a business case.
30. The scope and costs of the HR project has now been confirmed. A business case will be completed in May for IS Executive Governance approval and brought to the 26 June Finance and Monitoring Committee for information.
31. In September 2011 it was identified to Council that potential recoveries of up to \$676,000 could be achieved across the web programme (internet, intranet and e-Services) under a shared service structure. \$304,000 of this will be recovered from Rotorua District Council

(RDC). The shared service model has been designed in a way that further recoveries will be achieved when other councils join in the shared service.

32. Online dog registrations were selected by HCC and RDC as a pilot to validate the shared service approach to e-services. The RDC-managed procurement of this e-service has validated that the shared service approach will reduce the cost of e-services to both Councils. RDC are currently negotiating with the vendor a statement of work for phase 2 e-services. This will inform a business case for approval in May 2012. This will be brought to the 26 June Finance and Monitoring Committee for information.

33. Programme Schedule

34. Depicted below is the current programme schedule. With the deferment of the Financials project it is likely the Phoenix programme will extend beyond the 12/13 Financial Year.



35. Other Activity

36. Due to the success of the Phoenix Showcase delivered to Councillors on the 18th April, the PPO is looking to schedule a similar session with the organisation's Unit managers and members of the media. An updated Phoenix Showcase will be presented to Councillors before the end of 2012.
37. The next audit by Audit NZ has been scheduled for the 29/30 May 2012. All recommendations from the previous audit have now been closed off. The Audit Actions register is attached.

38. Risks and legal implications

39. The PPO continues to apply the organisation's risk framework. Through the application of this framework, the overarching programme has been identified as a high risk project.
40. A contributing driver of this rating is that projects of a similar nature have a track record of not delivering on expected outcomes. Two key factors within HCC that have the potential to influence this occurring are the organisation's capacity to engage with the programme and changes to Council's business model.
41. There are a number of initiatives within council that are likely to have an impact on the Phoenix programme. These include the organisation's efficiency drive, changing service levels and delivery models, and competing cross organisational projects. There is the potential for these initiatives to increase the cost of Phoenix by increasing scope or by challenging the programmes resourcing assumptions.
42. An inherent risk for a large programme of work over an extended duration is that technology shifts will result in assumptions and decisions becoming invalid.

43. Risk is currently being managed and mitigated by ensuring all future projects have a business case, having committed executive sponsorship and partnering with mature proven vendors and consultants. Other controls include using proven project approach and governance structures including utilising Audit NZ and other professional entities for peer review. Performance to date would indicate that risks are being effectively managed as six of the Phoenix change programmes have been successfully delivered.

Signatory

| | |
|------------|--|
| Authoriser | Olly Te Ua, General Manager Organisational Development |
|------------|--|

HAMILTON CITY COUNCIL BUSINESS CASE SUMMARY Version 1

Executive Summary

Business Case Name: Asset Management System Project

Business Case Type (circle one): Lite

Business Case Focus (circle as many as required): Address issue / Mitigate negative risk

Risk Rating (circle one): Low / Medium / High / Very High / Extreme

Financial Commitment:

a) Capital _____ \$1,328,635 _____

b) Annual Operating Costs _____ \$38,340 _____

Commentary:

HCC's asset base including is currently valued at approximately \$3.5b, with capital expenditure annually of more than \$60m. These assets are managed in an inconsistent manner using multiple systems across council. This complicates the planning and accounting processes, and increases the risk to council around the management of HCC's assets.

As part of Project Phoenix, the Asset management systems at council are to be consolidated and upgraded. This will involve agreeing a common consistent approach to asset management across council, including system, data and processes. The project will improve the accessibility and reliability of asset information, reduce risk and improve decision making. At an operational level the project will reduce the double entry of data into multiple systems and improve the efficiency of cross organisation workflows. Asset data will become more widely available within council and out in the field.

Review / Approval Summary

Prepared By Business Owner: _____ **Date:** _____
(Name / Signature of individual)

Reviewed By PMO: _____ **Date:** _____
(Name / Signature of individual)

Reviewed By SLT: _____ **Date:** _____
(Name / Signature of individual)

SLT Decision (circle one): Approved / Rejected / Further Information Required / Refer to Council

Council / Committee Meeting (circle one): Ordinary / F&M / O&A / S&P / Other
_____ **Date:** _____

Resolution (adopted following Council/Committee consideration):

1.0 STRATEGIC CASE – making the case for change**1.1 Overall Business Case Scope: *What's included in the scope, and what's not?***

- Business Scope
 - Adoption of formalised asset management standards, procedures and practices appropriate to HCC
 - Define and implement standardised common processes
 - Asset Planning
 - Asset Acquisition
 - Asset Monitoring
 - Asset Maintenance
 - Asset Disposal
 - Financial Asset Management including:
 - Asset Revaluation
 - Asset Depreciation
 - Financial Fixed Asset Register
 - Asset Capitalisation
 - Asset Sales
 - Job Costing
 - Define and implement common data model
 - Provision of reporting and asset data analysis capability to users
 - Provision of management reports and information to users
- Asset Type Scope
 - Land
 - Buildings
 - Parks and reserves
 - Gardens
 - Equipment and plant
 - Vehicles

- Sports areas
- Road Assets
- Water Assets:
 - Stormwater
 - Water Supply
 - Waste Water
 - Water Treatment Plant
 - Waste Water Treatment Plant
- Intangible Assets
- Financial Assets
- Technical Scope
 - Upgrading Hansen 7 to Hansen 8
 - Migrating from an Oracle to a SQL database
 - Migrate Maximo, SPM and users and data into Hansen 8
 - Migrate other miscellaneous information sources and tools (excel, access databases etc) into Hansen 8
 - Integrations to other HCC systems (Trim, GIS, Peoplesoft, Datawarehouse, Authority)
 - Decommission legacy applications
- Business Delivered Scope
 - Operational realisation of opportunities enabled through technology and process improvements
- Out of Scope
 - Provision of hardware for mobility
 - Migration of Roding asset data from RAMS to Hansen 8.
 - Full automation/self service for the Request for Service – to be delivered through e-services
 - Contract Management
 - Advance Asset Management tools
 - All other asset types not list above in scope

1.2 Investment Objectives: *How does this proposed investment fits with Council's strategic direction?*

Project Phoenix is a key enabler of HCC achieving its vision of becoming a “smart city in every way and everything we do.” The Phoenix programme consists of ten significant transformation projects and maintaining currency of the core business applications until 2019. The assets project is one of the ten projects delivering on the Phoenix business objectives of:

- *Solid Foundation*
 - *Stable base delivering mandatory capability*
- *Customer-focused service provision*
 - *Accessible Council, Choice of channels*
- *A single version of the truth — authoritative, integrated information*
 - *Managed, quality information that is shared internally & externally*
 - *Drill down - Ability to analyse data easily*
 - *Accessible, complete, timely records*
- *A council-wide improvement process*
 - *Seamless processes cross-Council supported by workflow tools*
- *Service improvement through innovation*
 - *Mobile council — access where needed*
 - *Integrated support for service requests*
 - *Potential Shared Services*
- *Sustainability of people and infrastructure*
 - *Reduced reliance on excel for critical processes and information*
- *Compliance*
 - *Public Records Act and Official Information Act compliance is facilitated*

| 1.3 Existing Arrangements: <i>Where are we now?</i> | 1.4 Business Needs: <i>What the business gap?</i> |
|---|--|
| <p>HCC currently has its core asset information managed in a number of different applications including:</p> <ul style="list-style-type: none"> • Hansen • MAXIMO • SPM • RAM • Excel Spreadsheets • Access Databases <p>This results in a lack of standardised data that makes aggregated reporting and planning difficult. It adds an inherent risk to the organisation when key data is held in spreadsheets and databases that are only understood by single individuals.</p> | <p>People:</p> <ul style="list-style-type: none"> • Need to reduce staff turn-over by ensuring that systems are easy-to-use, intuitive, and that they can be used to capture and retain knowledge <p>Processes:</p> <ul style="list-style-type: none"> • Lack of cross-business view means that people can only hope to solve their own problems and requirements, since the bigger picture is too hard to address • Lack of visibility and easy access to metrics and measures <p>Delivery:</p> <ul style="list-style-type: none"> • No systems to support the ever-increasing need to work in partnership with public, community and other external organisations • HCC is behind the market with web-based service and information delivery • Environment is rapidly changing, and timeframes for delivery are becoming increasingly important – both delivering externally and internally <p>Customers:</p> <ul style="list-style-type: none"> • Customers are increasingly comparing HCC performance with other councils, utilities and other commercial organisations • Expectations of customers are increasing as they |

| | |
|---|---|
| | <p>want increasingly to interact with HCC through the internet, with self-service, online status updates, 24 x 7 coverage etc</p> <p>Information:</p> <ul style="list-style-type: none"> • Inaccessibility internally and externally to information held in core corporate systems • Maintaining integrity, quality, consistency and security of data across a multitude of systems (e.g. inconsistent NARs, organisation charts, employee lists) • Lack of integration with GIS view leads to lack of co-ordination in planning and delivering. Geospatial view is becoming increasingly important • Customers expect all council departments to have a holistic view of HCC dealings with them • Difficulties in service delivery and compliance with PRA etc due to major issues with storage and access to information |
| 1.5a Qualitative Benefits | 1.5b Indicator of success |
| Improved decision making and planning around Asset Management | More accurate and robust asset management plans |
| Increased efficiency across asset management processes | <p>Reduced duplication of effort across business units</p> <p>Data is entered once, used many times;</p> <p>Self reporting from business units around time spent on key processes</p> <p>Improved integration with key HCC applications (Financials, GIS, TRIM)</p> |
| <p>Reduced business risk</p> <ul style="list-style-type: none"> • Traceability of asset management decisions/data • Asset management knowledge no longer dependent on key individuals • Reporting of Asset Financial data | <p>Asset management information is consolidated into a single application supported by common processes and data models</p> <p>Processes are contained within user documentation</p> <p>Depreciation calculations will be done within Hansen with aggregated data provided to Finance for inclusion in the Fixed Asset register. Audits will confirm asset financial information is accurate.</p> |
| <p>Improved interactions with our customers via technology</p> <ul style="list-style-type: none"> • Customers can access more council services through the web • More timely response to customer requests for service through consolidated view of asset information | <p>Enables the web project to facilitate self service functions for customers.</p> <p>Improved customer feedback</p> |
| <p>Streamline and enhance organisation wide functions</p> <ul style="list-style-type: none"> • Collaboration • Workflow • Document management | <p>Cross organisational workflows are implemented</p> <p>Data is captured once, used many times</p> <p>Key asset documents are stored in TRIM</p> |
| Reduced technology risk through strong fit with IS principles and objectives | <p>Hansen is operated using a SQL Server platform located inside the Telstra Clear Data centre</p> <p>Project deliverables meet HCCs technology requirements around Architecture.</p> <p>Improved integration with key HCC applications (Financials, GIS, TRIM)</p> |
| Greatly simplified model for support and vendor | Reduced number of Vendors associated with Asset |

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| management | management applications |
| Improved control of asset management data <ul style="list-style-type: none"> • Common set of information and data standards • Integrated view for access, management and analysis | Single view of Asset data will be provided. Improved data quality and accessibility |

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| 1.6a Quantitative Benefits | | 1.6b KPI/frequency/target | |
| Retirement of many legacy systems reducing the cost and complexity of maintaining our current applications & environment | | \$41,000/year not spent on Licenses for Maximo Reduced number of corporate Asset Management Systems from 3 to 1 | |
| Improved efficiency and effectiveness within Business units | | Reduced staff cost in operating budgets (to be quantified during detailed process design) | |
| | | | |
| | | | |
| 1.7a Risks identified | 1.7b Rating (per risk framework) | 1.7c Key Controls | 1.7d Triggers |
| Changes in organisation's business model and objectives increasing project scope and cost – Financial Business Unit Review, Relationship with Duke St and any new organisational reviews | High | Adherence to programme & project methodology to ensure changes in scope and implications are fully understood so informed decisions can be made. | Decision by SLT that Duke St relationship with Asset managers is to change significantly. Changes notified by new CFO around financial processes or team structures Affected Business Units are notified of a review process |
| Affected business units do not have the capacity to engage with the project and leverage off the opportunities provided | High | Ensure SLT and UMs understand the risk/consequence and prioritise Project Phoenix accordingly. | Tasks assigned to business resources begin to slip |

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| meaning that benefits may not be realised. | | Alignment of timing of efficiency saving with Phoenix programme. Greater utilisation of external resources | |
| Business does not have sufficient baseline knowledge and capability to realise project and business benefits | High | Introduce skills assessment, establish a technology training programme for all corporate applications, influence recruiting processes and contribute to organisational restructures. | Training needs assessment highlights technology/computer skill lacking Project team feedback on capability of users |
| Business do not take ownership of project and its deliverables/benefits (it is seen as an IT project) | High | Inclusion of business representatives Highly committed and visible Executive level sponsorship Business own status reporting to SLT/Governance | Key decisions not made, difficulty getting cross organisation changes decided on and implemented Resources not made available to complete project activities |
| Executive sponsors will not actively support the project by making the project a high priority within their respective groups | Medium | Stakeholder engagement and communication plan. Active change management activities with sponsors. | Tasks fall behind, issues escalated to Sponsors not resolved in timely manner. |
| The business will not standardise their processes leading to a more complex solution than envisaged and benefits not realised. | High | Active engagement with key decision makers Executive sponsorship Active change management activities with key decision makers. | Agreement on standardised processes is not reached in line with project plan. |

1.8 Issues

- Availability of staff – the efficiency drive within Council has reduced available resourcing. The Assets project will require a significant amount of work/resource above the BAU staffing requirement, and the spare capacity does not exist.
- Data - The quality of data is significantly worse than anticipated. In order to realise the benefits of the project the data and supporting processes need to be standardised and improved. This has lead to an increase in the budget required.
- Perception that Assets project is “Silver Bullet” to resolve all business issues within the in scope areas.
- Financial Asset Management processes – The processes for capturing and attributing costs against an asset, asset capitalisation and asset depreciation need to be improved and standardised to ensure project benefits are realised.

1.9 Constraints/Dependencies/Assumptions:

Dependencies

- Other projects (GIS, Financials, CRM, Web)
 - CRM/Web – In the longer term, the CRM/Web projects will deliver the technical capability to allow the RFS process to be automated.
 - Financials Review Project – Changes to process and approach need to be decided prior to the Assets project implementing asset financial processes in Hansen
 - GIS - data structure and storage
- Duke St SDR – Approach for contract management between Duke St and Asset managers needs to be agreed before works management processes are finalised.

- AMPS work currently being carried out by Strategy and Research

Assumptions

- All integrations will be provided using internal resource or purchased from INFOR
- In the absence of a CRM system, Requests for Service will be handled manually as they are now.
- Maximo will be able to be decommissioned (implication Duke St will use Hansen or an alternative application)
- Business Resources are available to complete the project within the nominated timeframes
- Backfill funding will be provided from Business Unit budgets where required
- INFOR will provide the necessary expertise and guidance to deliver the outcomes of the project

2.0 ECONOMIC CASE – critical success factors

2.1 Strategic Fit

INFOR supply Hansen to 30 Territorial Authorities within New Zealand. This provides the following advantages:

- Collaboration opportunities with other councils including shared services and sharing of resources
- Reduced costs associated with recruiting and training new employees

The selection of Hansen is aligned with the Phoenix procurement principle of first re-using and extending existing applications before either procuring or developing new solutions.

2.2 Value for Money

In addition to Hansen being the preferred NZ Local Government Asset Management solution, there are a number of benefits that can be leveraged from Hansen being an existing application within HCC.

- There are existing contractual and personal relationships in place
- Significant knowledge has been developed within the organisation around the solution
- INFOR has existing knowledge of our organisation and practices

When the original Phoenix RFP was issued in 2008, Hansen was identified as the highest scoring application for managing assets. The recently completed vendor scoping exercise has re-confirmed that Hansen 8 substantially meets the needs of the business and fits well within HCC's Enterprise Architecture model.

2.3 Capacity & Capability

The Hansen 7 application currently being used in City Waters for Asset Management at HCC. HCC's experience to date indicates that INFOR has the capacity and capability to deliver the outcomes sought by HCC. INFOR's penetration into the Local Government Asset management market reinforces this supposition. As part of the due diligence process following approval, Phoenix will complete formal reference checks with other Hansen customers in NZ.

2.4 Affordability

Funding for this project has been included under the Phoenix budget. While the issues around data fragmentation and associated processes have resulted in the budget increasing significantly from that originally estimated, the Phoenix Programme Office remain confident that the Phoenix Programme will deliver on its business objectives within the \$12.8m budget.

2.3 Achievability

The Assets project will achieve the intended benefits.

This will require the business units affected taking ownership of the project and committing resources to achieving the outcomes and benefits. The business will be supported by the Phoenix Programme Office who have a proven approach to delivering solutions within HCC, and a mature vendor who has a proven track record in achieving similar outcomes with other organisations.

3.0 COMMERCIAL CASE – procurement requirements

3.1a What business case elements need to be procured?

Hansen 8 Licenses
INFOR Consulting
Project Management
Business Analysis
Misc Consulting (INFOR/EAGLE) Interfaces

3.1b Proposed procurement strategy

Vendor
Hansen licenses and INFOR consulting can be procured under existing agreements with INFOR, although the Statement of Work/Contract Variation outlining Vendor costs will be taken to Finance and Monitoring Committee (FMC) for approval.

HCC
HCC Resources will be provided internally or procured for the PM, BA and Data analyst roles

4.0 FINANCIAL CASE – affordability and funding requirements

| 4.1 Description | 4.2 Amount | 4.3 Timing | 4.4 Funding | 4.5 Budget Notes |
|--------------------------------------|--------------------|----------------|-------------------|--|
| Infor Vendor Scoping | \$39,000 | 11/12 FY | CAPEX Budgeted | This is a sunk cost to validate scope and reduce risk. This has been used to inform this business case and was approved by executive Governance. |
| Hansen 8 Licenses | \$149,450 | 11/12 FY | CAPEX Budgeted | |
| INFOR Consulting | \$307,400 | 11/12-12/13 FY | CAPEX Budgeted | |
| Project Management | \$139,200 | 11/12-12/13 FY | CAPEX Budgeted | |
| Business Analysis | \$126,800 | 11/12-12/13 FY | CAPEX Budgeted | |
| Integration Consulting (INFOR/EAGLE) | \$20,000 | 11/12-12/13 FY | CAPEX Budgeted | |
| Internal Costs | \$196,000 | 11/12-12/13 FY | CAPEX Budgeted | |
| Business Process Management | \$50,000 | 11/12-12/13 FY | CAPEX Budgeted | |
| Data/Reporting | \$180,000 | 11/12-12/13 FY | CAPEX Budgeted | |
| Contingency | \$120,785 | 11/12-12/13 FY | CAPEX Budgeted | |
| Total | \$1,328,635 | 11/12- | CAPEX | |

| | | | | |
|---------------------|--|-----------------|-----------------|--|
| | | 12/13 FY | Budgeted | |
| 4.6 Comments | | | | |

All efforts will be made to limit costs, by using internal or fixed term resources where possible. The vendor scoping exercise that has been completed reduces the risk around cost hence the contingency figure used is 10%.

5.0 MANAGEMENT CASE – ensuring successful delivery

5.1 Stakeholder Engagement

Executive Sponsors – Lance Vervoort (GM Community) and Chris Allen (GM City Infrastructure)
 PCG – Jacki Remihana (Business Manager, City Infrastructure), Ray Pooley (UM Property Management Unit), Sally Sheedy (Acting UM Parks and Gardens), Eion Hall (CIO), Matthew Walker (Finance)
 Key stakeholders - Phil Consedine/Dawn Shannon (City Transportation), Tim Harty/Emily Botje (City Waters), Simon Young (City Delivery)*, Eddie Wullems (City Parks)*, Ray Pooley (PMU), Ken Cunningham (Property Portfolio), Sally Sheedy/Kemble Pudney (Parks and Gardens), Fiona Ferrar (Finance), Paul Gower (Strategy).
 An Assets Project Change and Communications plan can be found here: [D-154670](#)

5.2 Proposed Implementation Plan

The full implementation plan will be developed in the Project Initiation Document (PID) to be approved by Executive Governance. The basic approach involves:

- Prepare Business Case: April - Vendor Scoping and High Level Design
- Business Alignment: 3-6 months: Define common data model, Agree common process, Tidy up existing processes, Data cleanse
- Business and Technology Implementation: 6-9 months: System implementation, Data migration, Process implementation, Change management, Testing, Training and documentation

The project methodology being followed is outlined in the Project Phoenix Charter [D-20294](#)

5.3 Business Support Required

Business Units impacted:

- Provide representatives who are in leadership or decision making roles
- Provide technical specialists to the project
- Show commitment to the programme and system to the wider stakeholder groups and teams impacted by the change
- Contribute business knowledge or guidance to the programme
- Coordinate technical specialist knowledge from within teams as may be required
- Keep the business team(s) informed of project activities and progress and decisions made
- Highlights any risks/issues to the Business Owner/SME Lead for resolution
- Participate in system configuration
- Participates in User Acceptance Testing and evaluation processes to ensure the project outcomes are achieved for the business ownership team
- May participate in providing training and training documentation (user guides, test scripts) to users

HR - Provision of Change management

- Understand the change and impacts, and benefits to be realised for each project
- Complete change impact and stakeholder assessments to develop change plan activities for each project
- Develop a change approach and plan the activities specific to the needs of the project
- Build staff engagement and readiness campaigns/activities for staff impacted by the project
- Monitor stakeholder engagement and readiness throughout the project
- Coordinate communication requirements to inform and engage staff and key stakeholders of project activities
- Liaise with Communications Advisor/Marketing Advisor for any external communications or marketing collateral required for the project
- Assess resistance and plan actions with team managers
- Plan the approach to successfully embed the change with key stakeholders post delivery/implementation
- Provide support and assistance to team managers throughout the change journey

Phoenix Programme Register

| ID | Date | Source | Area | Action | Owner | Detail | Due | Status | Comment |
|----|----------|--------|-------|--------------------------------|-------|--|----------|--------|---|
| 70 | 14/12/11 | Audit | Audit | Governance board ToR | Eion | Document the formal terms of reference for the executive governance group in relation to Phoenix and include this governance level in the Phoenix charter. In progress | 30/03/12 | Closed | Accepted by Exec Governance on 30/3 |
| 71 | 14/12/11 | Audit | Audit | Lessons learned | Eion | Implement a formal mechanism to capture project lessons learned and share them across the wider HCC project community | 21/03/12 | Closed | PMs are feeding into the Business Case development and Project reporting projects lessons learned during Phoenix. Closed by Exec Governance 30/3 |
| 72 | 14/12/11 | Audit | Audit | Benefit realisation indicators | Eion | Clarify the benefit realisation indicators to be measured and monitored to ensure that individual projects meet the objectives established. Ensure these indicators align to the strategic objectives expected from the overall Phoenix programme. | 21/03/12 | Closed | Opportunities and Benefits register now set up and being used by projects. Work commenced on back capture from completed projects. Closed by Exec Governance 30/3 |
| 73 | 14/12/11 | Audit | Audit | Risk and issue management | Eion | Provide guidance to project managers on the requirements for documenting risks and issues and the scoring system to ensure a consistent view of risk across the individual projects making up the phoenix programme. | 30/03/12 | Closed | All projects now using HCC risk framework. Closed by Exec Governance 30/3 |

Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Ring Road Update

Author: Andrew Parsons

| | |
|---|--|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Access Hamilton</i> |
| Financial overview | <i>Budget available as indicated in report</i> |

1. Purpose of the Report

- To provide an update on Project progress to date including proposals to complete the Ring Road to Cobham Drive as previously considered by Council.

3. Executive Summary

- This quarterly update is intended to provide more information than the standard project monitoring report due to the complexity of project.
- The project is currently on time and budget.
- Project risks and opportunities are being constantly and actively monitored with action taken as required.
- NZTA are providing a full subsidy for the Ring Road to Cambridge Road and have entered into an advanced funding agreement with Council to complete the Ring Road to Cambridge Road.
- NZTA have indicated that they would consider offering a subsidy for the next section from Cambridge Road to Cobham Drive if it was requested as a scope change and to also consider extending the scope of the advance funding offer to include this section, provided the integrity of the existing advance funding agreement and original timing to Cambridge Road is maintained. This means that Council would need to reinstate the original funding timing for Ruakura to Cambridge in its 10 Year Plan.
- Staff will present an amended Project 12005 in the 10 Year Plan deliberations for Councils consideration and decision that reflects the NZTA extended subsidy and advanced funding opportunity together with the reinstatement of earlier funding for the Ruakura to Cambridge section in a manner which also addresses the maximum net \$5million increase previously noted by Council.

10. Recommendation/s from Management

- That the report be received.

12. Attachments

13. There are no attachments for this report.

14. Project Works Update

15. The Four laning of Wairere Drive from Pukete Road to River Road has made steady progress to date with the Pukete Road / Wairere Drive intersection due for completion in June. Despite negative media coverage about traffic congestion the intersection surfacing works were largely carried out during the school holidays with little disruption.
16. The Pukete bridge pedestrian/cycle clip-ons have been the most technically challenging aspect of the project to date and have required a precautionary approach to the work which has required additional time and resources from both the contractor and HCC to ensure the risks are well managed. This has resulted in increased costs to date with further increased costs expected to complete the work. These increases have been offset by savings via value engineering for other aspects of the project and from the contract contingency. The overall contract is still forecast to be completed within approved budgets. The clip-ons are expected to be completed by the end of the calendar year.
17. The Wairere Drive / River Road intersection work is planned to start in August this year. Once complete, in approximately six months time, the four laning from River Road to Resolution Drive will commence, subject to confirmation of project cash flow.
18. The Wairere Drive section from Crosby Road to Ruakura Road has progressed extremely well and is now 70% complete.
19. Carrs Road overbridge is open to traffic and a temporary diversion is in place on Tramway Road to enable the tie in back to the Crosby/Gordonton/Wairere Roundabout to be constructed.
20. Powells Road is currently closed for construction of the signalised intersection with completion due in July 2012. Once complete Alderson Road will be permanently closed in accordance with the approved plans.
21. The new Wairere Drive / Fifth Ave roundabout is currently under construction with completion expected by September 2012. Staff are currently assessing the option to open Wairere Drive from Crosby Road to Fifth Avenue once this connection is completed.
22. The final section from Fifth Ave to Ruakura Road is expected to be complete by September/October 2012.
23. The Wairere Drive / Ruakura Intersection work is due to commence in June 2012 with the exception of the service relocation work has already commenced. This intersection is expected to be complete by December 2012. Once complete the Ring road will be open from Crosby Road to Ruakura Road.

24. On completion of the Wairere Drive / Ruakura Road intersection work will commence on the Ruakura Road / Peachgrove / Te Aroha intersection and the upgrade of Ruakura Road between the two intersections. This work is expected to take 9 months to complete and will be complete by September 2013.

25. The table below outlines key milestones and provides a table showing progress.

| Milestone Notes | Key Milestones | Baseline/Agreed Completion Date | Current Expected Completion Date | Actual Completion Date |
|---|--|--|---|-------------------------------|
| | Contract Award | 30-Nov-10 | 30-Nov-10 | 30-Nov-10 |
| | Separable Portion A Pukete Road to River Road | 31-Jul-12 | 20-Sep-12 | |
| Timing may vary to suit cash flow | Separable Portion E River Road to Resolution Drive | 20-Jun-13 | 20-Sep-13 | |
| | Separable Portion B Crosby Road to Ruakura Road | 31-Jul-12 | 20-Sep-12 | |
| | Separable Portion C Crosby Road to Ruakura Road final surface | 20-Feb-13 | 20-Feb-13 | |
| | Separable Portion D Ruakura Road to Cambridge Road | 31-Dec-17 | 31-Dec-17 | |
| | Separable Portion F Ruakura Road/Peachgrove/Te Aroha Intersection | 20-Sep-13 | 20-Sep-13 | |
| Subject to NZTA funding and 10 Year Plan approval | Separable Portion G Cambridge Road to Cobham Drive | 20-Sep-19 | 20-Sep-19 | |
| | Project Completion Dates: | 31-Dec-19 | 31-Dec-19 | |

26. Project Financial Update

27. The Ring Road Project Report (Table below) forms part of the regular project reporting to Finance and Monitoring (expressed in gross dollars including NZTA subsidy).

| | Past Years 7/2003 - 6/2011 | Current Year 7/2011 - 6/2012 | Future Years 7/2012 - 6/2020 | Total Years Budget, Actual and Projected |
|----------------|-------------------------------|---------------------------------|---------------------------------|---|
| Planned Budget | \$ 31,566,956.00 | \$ 31,997,000.00 | \$ 40,502,000.00 | \$ 104,065,956.00 |
| Actual | \$ 41,086,583.00 | \$ 18,476,853.00 | | \$ 59,563,436.00 |
| Projected | | \$ 3,375,000.00 | \$ 40,946,500.00 | \$ 44,321,500.00 |
| | | | | \$ 103,884,936.00 |

28. The financial section of the Ring Road project report is a report on the total SAPs since 2003/04 which include other projects associated with the Ring Road which have previously been completed. These projects include;
- Te Rapa Road to Pukete Road 4 laning
 - Wairere Drive Stage 3- Huntington West to Tramway Road
29. For the purposes of this report staff have excluded these previous related but separate projects and focused on the current project that was awarded in year 10/11 and included the planned extension to Cobham Drive, as provisionally allowed for in Draft 10 Year Plan. The restated financial summary for this project, which is expressed in gross dollars (including NZTA subsidy) then becomes:

| | PAST YEARS 2010/2011 | CURRENT YEAR 2011/2012 | Future Years 2012-2020 | Total Years Budget, Actual and Projected |
|----------------|-------------------------|---------------------------|---------------------------|---|
| Planned Budget | \$ 16,552,700.00 | \$ 31,997,000.00 | \$ 42,618,000.00 | \$ 91,167,700.00 |
| Actual | \$ 16,552,700.00 | \$ 18,476,853.00 | | \$ 35,029,553.00 |
| Projected | | \$ 3,375,000.00 | \$ 52,736,247.00 | \$ 56,111,247.00 |
| | | | | \$ 91,140,800.00 |

30. Ruakura Road to Cobham Drive

31. At its meeting on the 12 to 16 December 2011 in addition to approving an increase in the scope of the contract to include the upgrade of the Ruakura/Peachgrove/Te Aroha

intersection, Council also considered options for earlier completion of the Ring Road to Cobham Drive and resolved:

To re-scope the Hamilton Ring Road to Cambridge Road project to include the section from Cambridge Road to Cobham Drive in accordance with Option 3 subject to;

- NZTA confirming scope increase and certainty of NZTA subsidy outlined for option 3 of the report
- NZTA confirming it will meet all acceleration costs of Cambridge Road to Cobham drive if it wished to see an earlier completion than 2019/20
- NZTA confirming its intent to undertake improvements to the SH1 intersections (Hillcrest and Cambridge Road) that are compatible for optimised network solution

It was noted that in passing these resolutions Council was establishing a \$5million net increase to Council via project 12005.

Option 3 deferred Ruakura to Cambridge Road by 2 years and by doing so it has prevented Council from meeting its commitments under the advance funding deal

32. Discussions have been in progress with NZTA and they have responded positively to each of the conditions although as per normal practice they will not formally respond until a point in time when a formal application is lodged. This can only occur once Council has made decisions on its 10 Year Plan
33. NZTA have indicated that they would consider extending the current advance funding offer to include the Cambridge to Cobham section but would require HCC to ensure that the 10 Year Plan provisions match the original advanced funding offer to get to Cambridge Road. This will mean reinstating the earlier funding for Ruakura to Cambridge.
34. Staff will continue to work with NZTA to secure the scope extension to provide advanced funding to Cobham Drive.
35. Staff will present an amended Project 12005 in the 10 Year Plan for Council consideration and decision that looks to comply with Councils note and not exceed a \$5million net increase to Council.

36. Risks and legal implications

37. Staff continue to monitor all works to ensure risk assessment and mitigation plans are in place.
38. Staff continue to assess all aspects of the works from a value engineering perspective. To date this value engineering has provided savings in time and cost that have enabled the project contingency to remain at an acceptable level.
39. Whilst drilling continues on the Pukete Bridge this remains a significant risk both from potential construction damage to the integrity of the bridge and from increased cost and time delays.
40. Current project risks and opportunities out outlined in the table below.

| Risk Description | Probability | Impact | Overall Risk | Value | Comments: |
|--|-------------|--------|--------------|----------------|---|
| Construction damage to Pukete Bridge | Low | High | Medium | Unknown | Risk assessment and mitigation plan in place |
| Service relocations cause delays to contract | Medium | Medium | Medium | \$500,000.00 | Forward planning with service providers |
| Contract exceeds Approved Contract Sum | Low | High | Medium | \$4,000,000.00 | Monthly monitoring and early notification of issues |
| Unsuitable ground cause time and cost implications | Low | Medium | Medium | \$1,000,000.00 | Monthly monitoring and early notification of issues |
| Design issues cause time and cost implications | Low | Medium | Medium | \$1,000,000.00 | Monthly monitoring and early notification of issues |
| Designation Conditions unachievable | Low | High | Medium | \$2,000,000.00 | Monthly monitoring and early notification of issues |
| Fatal/Serious Harm injury during construction | Low | High | Medium | Unknown | H&S Auditing |

| Opportunity Description | Probability | Impact | Overall Risk | Value | Comments: |
|---|-------------|--------|--------------|--------------|--|
| Value Engineering Carrs Road Overbridge | High | Low | Medium | \$250,000.00 | Value engineering to change bridge design |
| Value Engineering ECMT Rail Overbridge | High | Low | Medium | \$300,000.00 | Value engineering to change bridge design |
| Value Engineering Wairere Drive 4 laning River Road to Resolution Drive | Medium | Medium | Medium | \$900,000.00 | Alteration to Lane and shoulder widths could produce savings, requires upfront expenditure of to investigate |
| Ongoing Value Engineering | Medium | Medium | Medium | Unknown | Continuing Value engineering |

Signatory

| | |
|------------|--|
| Authoriser | Chris Allen, General Manager City Infrastructure Group |
|------------|--|

Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Transportation O&M Term **Author:** Dawn Shannon
 Contracts Review

| | |
|---|--|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Access Hamilton Strategy</i> |
| Financial overview | <i>Various Transportation Operations and Maintenance budgets</i> |

1. Purpose of the Report

- To inform Council of the staff intent to review the full set of transportation operational and renewal contracts and to seek Committee approval for a suite of routine contract approvals that align contract termination dates with 1 July 2013.

3. Executive Summary

- A strategic review of the maintenance, operational and renewal contracts in transport is being developed for implementation from 1 July 2013 as part of reaching the City Infrastructure Group efficiency targets. A desirable position to be in is to have all contracts terminate at this same time to give greater flexibility in repackaging contracts.
- The budget covering transport operational and renewal activities (just over \$20million) in 2012/13, is largely delivered through 13 multi year contracts, supplemented by a number of smaller contracts for specific or specialised activities. A subsidy from NZTA applies across most activities at the rate of 45%.
- Of the 13 contracts;
 - 5 require staff delegated procedural action to approve planned contract extensions noting that Council has previously agreed Approved Contract Sums that cover the extension period
 - 5 require Council approved, but routine, increased Approved Contract Sums to allow for a planned contract extension.
 - 3 contracts that expire on 1 July 2012 that require either retendering for a 1 year period which can be inefficient or Council approved contract extensions which are outside the scope of the original planned contract term.
- Extending the 3 contracts will continue the existing contractual arrangements and expenditure rate and will require an extension of the Approved Contract Sum. Retendering is not favoured

on the basis that there will be additional administration costs for a one year duration only for each contract.

8. All approvals sought in this report relate to procedural aspects only and there is no increase in budgeted expenditure requested. The details of each contract request are included in Attachment 2.

9. Recommendations from Management

10. The report be received.
11. That the following increases to Approved Contract Sums be approved
 - 11.1 The Approved Contract Sum for Contract 10014 Amenity Maintenance be increased from \$4,981,600 to \$6,986,000.
 - 11.2 The Approved Contract Sum for Contract 10058 Asphalt Surfacing of Carriageways be increased from \$3,360,000 to \$5,800,000.
 - 11.3 The Approved Contract Sum for Contract 10049 Carriageway Reseal Preparation and Chip sealing be increased from \$2,100,000 to \$4,200,000.
 - 11.4 The Approved Contract Sum for Contract 09045 Street Landscape Maintenance be increased from \$3,105,000 to \$3,900,000.
 - 11.5 The Approved Contract Sum for Contract 09013 Road and Footpath Minor Maintenance be increased from \$9,610,000 to \$12,100,000.
12. That the following Contract extensions and increases to Approved Contract Sums be approved
 - 12.1 The Approved Contract Sum for Contract 09104 Area Wide Pavement Treatments be increased from \$3,304,200 to \$3,850,000 and the period of contract be extended to 30 June 2013.
 - 12.2 The Approved Contract Sum for Contract 08032 Footpath Reconstruction be increased from \$6,518,600 to \$7,900,000 and the period of contract be extended to 30 June 2013.
 - 12.3 The Approved Contract Sum for Contract 07034 Signs and Street Furniture be increased from \$3,140,000 to \$3,715,000 and the period of contract be extended to 30 June 2013.

13. Attachments

14. Attachment 1 - Transportation Term Contracts Overview
15. Attachment 2 - Transportation O&M Changes to Current Term Contracts

16. Key issues

Current Contracting Approach

17. A number of changes to individual contract arrangements have been made over the past 3 years to drive efficiency but it is now timely to undertake a broader review of the entire suite of contracts in order to provide flexibility and to be able to respond to a changing environment in the local government and transport sector where efficiency savings and collaboration with other road controlling authorities are being required and/or encouraged.
18. Most of our existing multi year transport contracts have an Initial term expiry on or before 30 June 2012 and this is providing us with a great opportunity to look carefully at options for the future in regard to how we procure this work. A table of the contracts including the title, asset type and the relevant expiry dates is included as Attachment 1.
19. The maintenance and operations activities are currently arranged through a series of physical works contracts for individual transport assets (e.g. surfacing, kerbing, signs) mostly on a measure and value basis.
20. These are generally on a 3+1+1 year basis where the latter years are optional and require agreement of both parties for inclusion. This term reflects a balance between the various market sectors and contracting industry practices and takes into account the associated financial commitments, return on investment for equipment, relative certainty of forward work requirements, market competitiveness and risk management. Generally the risk for performance has been with Council.
21. Our general practice (but not always) has been that Approved Contract Sums are approved for a term less than the full term of the contract (e.g. 2 or 3 years) to provide the opportunity to review the extension of the contract sum. The processes also provide the opportunity for Committee approval for additional expenditure within the contract where additional works (not initially provided for) or other expenditure items not known at time of award are added to the contract during the progress of the work. This has been a practical means of retaining efficiency and taking advantage of very competitive contract rates gained through the larger contracts.
22. The overall budget for the transport activity for 2012/13 is just over \$20million and this provides for all actions including the contracts (physical works), the associated management and administration. Income is received from NZTA by way of subsidy for approved activities at the rate of 45%.

Methodology for Change

23. The opportunity for reviewing the contract basis is timed for introduction to operate from 1 July 2013. The intervening time will allow for development of options, consultation with industry and NZTA, preparation of tender documentation, the formal procurement process, tender approval and to provide for lead in time for any transfer of responsibilities.
24. There will be high level analysis to make the change to a new style which will provide opportunity for Council to apply increased strategic influence and obtain additional value from this activity.
25. A number of options for the type of contract for the general road maintenance activities will be explored (such as outcome, performance based, alliance) and we will also look at the number of contracts (including perhaps fewer in number by combining those that have commonality), the term (years), the performance measures and other relevant factors to encourage a high degree of competitive behaviour and interest from the contracting industry.

26. One of the objectives of the review will be to achieve improved value creation (both for Council and the community) through strategic collaborative relationships with both suppliers and other road controlling authorities. This is expected to improve achievement of customer service, efficiency and safety across the transport network for all road users.
27. The principal outcomes for change would include:
- Move to a more outcome focussed procurement method
 - Adopt a more collaborative approach
 - Outcome based rather than input managed performance
 - Value for money and value for HCC
 - Optimised customer experience
 - Sustainable and integrated work programmes
 - Improved risk management
 - Market competition over the long term
 - Improved efficiency
 - Opportunity to include shared services with neighbouring authorities and NZTA.
28. The review will be consistent with the Long Term Procurement Plan of Council. This document contains a separate chapter on Transport outlining the primary requirements for procurement. There will be a need to consult with NZTA and to obtain their approval to any change.
29. One asset for example that is already under separate investigation for review is street lighting. The intention here is to develop a procurement process that will enable Council to make significant savings in energy use by converting to a different type of light and associated fittings. The intention is to change from the high pressure sodium (HPS) light fitting to a light emitting diode (LED) type which is the latest technology available. A number of trials of LED lighting have been implemented in Hamilton and there is a growing trend towards the adoption of this new technology across New Zealand as has occurred overseas. This change is expected to require a partnership or alliance of some form where any capital funding requirement could be provided by an external party.

Adjustment of Existing Contracts

30. As an enabling factor to achieve the above contracts review a number of existing contracts will require changes in respect to the Approved Contract Sum (ACS) or a change to the date of expiry of the contract. This is to avoid gaps and overlaps in the continuity of delivery of the levels of service to our customers. These changes fit into two broad categories as listed below:
- The Approved Contract Sum to be increased
 - Extension of contract past the planned expiry date plus ACS to be increased
31. The changes are summarised below and the specific changes that require committee approval are described in detail under each contract heading in Attachment 2.

| Contract | Changes |
|--|---------------------------------|
| Contract 10014 Amenity Maintenance | Change to Approved Contract Sum |
| Contract 10058 Asphalt Surfacing of Carriageways | Change to Approved Contract Sum |
| Contract 10049 Carriageway Reseal Preparation and Chip sealing | Change to Approved Contract Sum |
| Contract 09045 Street Landscape Maintenance | Change to Approved Contract Sum |
| Contract 09013 Road and Footpath Minor | Change to Approved Contract Sum |

| | |
|--|--|
| Maintenance | |
| | |
| Contract 09104 Area Wide Pavement Treatments | Change to Approved Contract Sum and Extension of Contract Term |
| Contract 08032 Footpath Reconstruction | Change to Approved Contract Sum and Extension of Contract Term |
| Contract 07034 Signs and Street Furniture | Change to Approved Contract Sum and Extension of Contract Term |

32. This number of contracts requiring individual review is not unusual as there would be an average of 50% of contracts needing review on the basis that each contract is subject to a review every two years and ACS approvals at two yearly intervals. Previously however each of these Contracts would be brought to Committee one at a time.
33. For the three contracts that require an extension to the contract period (Contract Numbers 09104, 08032 and 07034) an alternative to the adjustment of these contracts would be to retender the work on the open market for the shorter one year period.
34. Retendering is not favoured on the basis that there will be additional administration costs for each contract that would in staff opinion outweigh any benefit to be gained by going back to the market for a short 1 year duration contract. In addition each of the 3 contracts was awarded following very competitive tendering and staff would negotiate the one year extension using the tendered rates as a basis. If agreement cannot be reached on the cost of the extension, staff would then propose going back to the market.

35. Financial Impacts

36. There are no additional financial risks as all projects are within existing approved budgets as provided in the proposed 10 Year Plan.

37. Risks and legal implications

38. Risks associated with extensions of contract include gaining approval from NZTA and the incumbent contractors. This is a low risk and there is a high expectation that all external parties, based on discussions with their representatives, will support the initiative. Discussions with all external parties are progressing.

Signatory

| | |
|------------|--|
| Authoriser | Chris Allen, General Manager City Infrastructure Group |
|------------|--|

| Transportation Term Contracts Overview 2011/12 | | | | | | |
|--|-----------------|--|--|------------------|---------------------|-------------------|
| | Contract Number | Contract Name | Scope of work | Term of Contract | Initial Term Expiry | Final Term Expiry |
| Increases to Approved Contract Sums | | | | | | |
| 1 | 10014 | Road Amenity Maintenance | City wide street cleaning, litter control, sweeping | 2+1+1+1 | 30/06/2012 | 30/06/2015 |
| 2 | 10058 | Asphalt Resurfacing | Resurfacing and smoothing- approx 20km per year | 2+1+1+1 | 30/04/2012 | 30/04/2015 |
| 3 | 10049 | Carriageway Reseal Prep and Chip sealing | Resurfacing- approx 20km per year | 2+1+1+1 | 31/03/2012 | 31/03/2015 |
| 4 | 09045 | Street Landscape Maintenance | All planted areas in road-islands, berms, and central median | 3+1+1 | 30/09/2012 | 30/09/2014 |
| 5 | 09013 | Road and Footpath Minor Maintenance | General repairs for safety and asset protection | 3+1+1 | 30/06/2012 | 30/06/2014 |
| Increases to Contract Terms and Associated Approved Contract Sums | | | | | | |
| 6 | 09104 | Area Wide Pavement Treatment | 6 to 8 sites per year- up to 2km | 1+1+1 | 30/04/2010 | 30/06/2012 |
| 7 | 08032 | Footpath Reconstruction | Footpath renewals | 1+2 (+1) | 17/07/2009 | 30/06/2012 |
| 8 | 07034 | Signs and Street Furniture | Maintain signs, street furniture | 2+1+1+1 | 30/06/2009 | 30/06/2012 |
| No Action Required | | | | | | |
| 9 | 09024 | Traffic Signal Maintenance | Maintenance of signal controlled intersections including 12 owned by NZTA (state highways) | 2+1+1+1 | 30/06/2011 | 30/06/2014 |
| 10 | 08012 | Road Marking | Road marking, maintenance | 2+1+1+1 | 30/06/2010 | 30/06/2013 |
| 11 | 10139 | Street Light Maintenance | Repairs to faulty street lights and replacements | 1+1+1 | 30/06/2012 | 30/06/2014 |
| 12 | 09116 | Weed Control | Control of weeds on all road areas | 2+1+1+1 | 30/06/2012 | 30/06/2015 |
| 13 | 10047 | Electronic Signs Maintenance | Repairs to electronic signs, Solar panels, VMS trailers and batteries. | 1+1+1 | 30/06/2013 | 30/06/2015 |

**Transportation Operations & Maintenance - Term Contracts
Changes to Current Term Contracts
May 2012**

Item 13

The Approved Contract Sum (ACS) to be increased

Contract 1; Contract 10014 Amenity Maintenance

The Amenity Maintenance contract was originally awarded to Transpacific Industries Ltd. in August 2010 for a 2 year period, with the option for 3 one year rights of renewal. The Approved Contract Sum for the work was \$4,981,600 which allowed for the completion of work to August 2012.

The work that has been completed under this project has been to a high standard and it is considered desirable to issue one of the rights of renewal to extend this contract through to the end of June 2013 (11 months).

In order to extend the contract period, the Approved Contract Sum will need to be raised to accommodate another year of work.

The financial implications for this contract are:

| Item: | Amount: |
|---------------------------------------|-------------|
| Current Approved Contract Sum | \$4,981,600 |
| Estimated expenditure to 30 June 2012 | \$4,710,000 |
| Estimated value of work for 2012/13 | \$2,276,000 |
| Revised Approved Contract Sum | \$6,986,000 |

Budget is available for this work, and it is therefore recommended that the Approved Contract Sum be increased from \$4,981,600 to \$6,986,000.

Attachment 2

Contract 2; Contract 10058 Asphalt Surfacing of Carriageways

This contract was originally awarded to Downer NZ Ltd in November 2010 for 2 year period to 30 April 2012, with the option for 3 one year rights of renewal. The Approved Contract Sum for the work was \$3,360,000 for 2 years, which allowed for the completion of work to 30 April 2012.

The work that has been completed under this project has been to a high standard and it is considered desirable to issue one of the rights of renewal to extend this contract through to 30 April 2013.

The 2012/13 budget allocation for carriageway resurfacing is \$3,993,000. This comprises both asphaltic surfacing and chip seals. The two surfacing contracts have been won by different contractors (ref Contract 10049). The allocation of funds between the two varies from year to year depending on priorities at the time of annual scheduling and the split of funds across these two contracts may vary once the programme is agreed.

The financial implications for this contract are:

| Item: | Amount: |
|--|-------------|
| Current Approved Contract Sum | \$3,360,000 |
| Estimated expenditure at 30 April 2012 | \$3,300,000 |
| Estimated value of work for 2012/13 | \$2,500,000 |
| Revised Approved Contract Sum | \$5,800,000 |

Budget is available for this work, and it is therefore recommended that the Approved Contract Sum be increased from \$3,360,000 to \$5,800,000.

Contract 3; Contract 10049 Carriageway Reseal Preparation and Chipsealing

This contract was originally awarded to Higgins Contractors Waikato in November 2010 for approx 2 year period to 31 March 2012, with the option for 3 one year rights of renewal. The Approved Contract Sum for the work was \$2,100,000 for 2 years, which allowed for the completion of work to 31 March 2012.

The work that has been completed under this project has been to a high standard and it is considered desirable to issue one of the rights of renewal to extend this contract through to 31 March 2013.

The 2012/13 budget allocation for carriageway resurfacing is \$3,993,000. This comprises both chip seals and asphaltic surfacing (ref Contract 10058). The allocation of funds between the two varies from year to year depending on priorities at the time of annual scheduling and the split of funds across these two contracts may vary once the programme is agreed.

The financial implications for this contract are:

| Item: | Amount: |
|--|-------------|
| Current Approved Contract Sum | \$2,100,000 |
| Estimated expenditure at 31 March 2012 | \$2,100,000 |
| Estimated value of work for 2012/13 | \$2,100,000 |
| Revised Approved Contract Sum | \$4,200,000 |

Budget is available for this work, and it is therefore recommended that the Approved Contract Sum be increased from \$2,100,000 to \$4,200,000.

Contract 4; Contract 09045 Street Landscape Maintenance

This contract was originally awarded in October 2009 to City Care Ltd. for a 3 year period, with the option for 2 one year rights of renewal. The Approved Contract Sum for the work was \$2,305,000 which allowed for the completion of work to 30 September 2012.

In February 2012, the Approved Contract Sum was increased to \$3,105,000, to allow for higher than anticipated cost fluctuation figures and significant additions to the contract over the remaining contract period to 30 September 2012.

The work that has been completed under this project has improved to a good standard and the contract was let with very competitive contract rates. It is noted that the level of service for some aspects of this contract may change through the Annual Plan process.

The financial implications for this contract are:

| Item: | Amount: |
|---|-------------|
| Current Approved Contract Sum | \$3,105,000 |
| Estimated expenditure at 30 September 2012 | \$3,040,000 |
| Estimated value of work for 9 month extension to 30 June 2013 | \$860,000 |
| Revised Approved Contract Sum | \$3,900,000 |

Budget is available for this work, and it is therefore recommended that the Approved Contract Sum be increased from \$3,105,000 to \$3,900,000.

Contract 5; Contract 09013 Road and Footpath Minor Maintenance

This contract was originally awarded in May 2009 to Downer Ltd. for a 3 year period, with the option for 2 one year rights of renewal. The Approved Contract Sum for the work was \$9,610,000 which allowed for the completion of work to 30 June 2012.

The work that has been completed under this project has been to a high standard and it is considered desirable to issue one of the rights of renewal to extend this contract through to the end of June 2013 (12 months).

The financial implications for this contract are:

| Item: | Amount: |
|---------------------------------------|--------------|
| Current Approved Contract Sum | \$9,610,000 |
| Estimated expenditure to 30 June 2012 | \$9,100,000 |
| Estimated value of work for 2012/13 | \$3,000,000 |
| Revised Approved Contract Sum | \$12,100,000 |

Budget is available for this work, and it is therefore recommended that the Approved Contract Sum be increased from \$9,610,000 to \$12,100,000.

Extension of Contract and ACS to be increased

Contract 6; Contract 09104 Area Wide Pavement Treatments

This contract was originally awarded in February 2010 to Schick Construction and Cartage Ltd for a 2 month period to 30 April 2010, with the option for 2 one year rights of renewal. The Approved Contract Sum for the work was \$925,000 which allowed for the completion of work to 30 April 2010.

In August 2010, the contract was extended to 30 June 2011 and the Approved Contract Sum was increased to \$1,814,200.

In March 2011, the final one year extension to 30 June 2012 was awarded and the Approved Contract Sum was increased from \$1,814,200 to \$3,304,200.

The work that has been completed under this project has been to a high standard and contract rates remain very competitive. Although the contractual rights of renewal have been expended, it is considered desirable to extend this contract through to the end of June 2013 (12 months), by which time we will have completed the wider contract review process outlined above, and will have a new contract in place to continue this work.

The benefits to be gained by extending this contract comprise retaining a high contractor who is familiar with the network and with Council's requirements. Particularly good examples of quickly finished but high standards of work include Hood Street rehabilitation which was completed in 3 days with no complaints or issues being raised by local businesses and Bryce Street (Victoria to Anglesea) which involved complex co-ordination of work with other contractors on the site. The contract rates are competitive and the contractor proactively participates in the design process and has made suggestions that have allowed shorter construction times and reduced costs. There would be a saving in retendering costs as well.

The risks in not extending this contract include the potential of attracting unreliable contractors, contractors who are unfamiliar with local conditions and higher market costs (for a relatively small one season contract).

The financial implications for this contract are:

| Item: | Amount: |
|---------------------------------------|-------------|
| Approved Contract Sum | \$3,304,200 |
| Estimated expenditure to 30 June 2012 | \$3,300,000 |
| Estimated value of work for 2012/13 | \$550,000 |
| Revised Approved Contract Sum | \$3,850,000 |

Budget is available for this work, and it is therefore recommended that the Approved Contract Sum be increased from \$3,304,200 to \$3,850,000 and the contract be extended through to 30 June 2013.

Contract 7; Contract 08032 Footpath Reconstruction

This contract was originally awarded in July 2008 to Fulton Hogan Ltd for a 1 year period, with the option for 1 two year right of renewal. The Approved Contract Sum for the work was \$4,669,800 which allowed for the completion of work for the full three years to 17 July 2011.

In March 2011, the contract period was further extended to 30 June 2012 and the Approved Contract Sum to \$6,518,600.

The work that has been completed under this project has been to a high standard and it is considered desirable to issue a further unplanned renewal to extend this contract through to the end of June 2013 (12 months).

The benefits to be gained by extending this contract comprise retaining a well performing contractor who is familiar with the network and with Council's requirements. There would be a saving in retendering costs.

The financial implications for this contract are:

| Item: | Amount: |
|---------------------------------------|-------------|
| Current Approved Contract Sum | \$6,518,600 |
| Estimated expenditure to 30 June 2012 | \$6,400,000 |
| Estimated value of work for 2012/13 | \$1,500,000 |
| Revised Approved Contract Sum | \$7,900,000 |

Budget is available for this work, and it is therefore recommended that the Approved Contract Sum be increased from \$6,518,600 to \$7,900,000 and the contract be extended through to 30 June 2013.

Contract 8; Contract 07034 Signs and Street Furniture

This contract was awarded in August 2007 to Directionz Ltd. for an initial contract period of 3 years, with 2 one year rights of renewal. The Approved Contract Sum for the work was \$1,825,000 which was extended in November 2010 to \$3,140,000 and the contract is due to expire August 2012.

The work that has been completed under this project has been to a high standard and contract rates remain very competitive. Although the contractual rights of extension have been expended it is considered desirable to extend this contract through to the end of June 2013.

If we go back out to the market, there is a risk of having higher tender prices. There is potential for tenders to underprice (buy) the work and then underperform. Alternatively as the work will only be for a 12 month period that we will receive high tender rates as there will be establishment costs involved for any new contractors. There would be retendering costs.

The financial implications for this contract are:

| Item | Amount |
|---|-----------|
| Approved Contract Sum | 3,140,000 |
| Estimated value of work through to end of June 2012 | 2,965,000 |
| Estimated value of work for 10 month extension | 750,000 |
| Revised Approved Contract Sum | 3,715,000 |

Budget is available for this work, and it is therefore recommended that the Approved Contract Sum be increased from \$3,140,000 to \$3,715,000 and the contract be extended through to 30 June 2013.

Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: The Base / SH1 / Eagle Way Intersection

Author: Martin Mould

| | |
|---|--|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Access Hamilton</i> |
| Financial overview | <i>Financial provision is made in 2011/12 to meet the HCC cost share of the intersection works. Project development delays will necessitate a carryover of funding into 2012/13.</i> |

1. Purpose of the Report

- To seek delegated authority to the Chief Executive to enter into a Multi Party Agreement with The Base Ltd (TBL) and NZTA for the construction of a signalised intersection at the Base and to award a construction contract and service relocation contracts for the signalisation of the intersection.

3. Executive Summary

- Council has previously agreed a financial contribution to work with NZTA and The Base Ltd to upgrade the Base intersection to traffic signal controls.
- The design and development of this intersection upgrade has now progressed to the point where the works are being tendered.
- A Multi Party Agreement (MPA) in addition to the previous 2011 Agreement is a requirement of NZTA and is to record matters relating to the administration of the Contract and needs to be signed prior to the award of Contract 11059. The MPA is still in development and is subject to final review by the parties including legal review. A draft copy of the MPA will be circulated prior to the meeting.
- Subject to NZTA securing an alteration to designation for the works and NZTA/TBL securing suitable sale and purchase agreements with all affected land owners, delegation is sought to the Chief Executive to award the necessary contracts to complete the project.

8. Recommendation/s from Management

- That the report be received.
- That delegated authority is given to the Chief Executive to enter into a Multi Party Agreement with the Base Ltd and NZTA as described in this report.

11. That delegated authority is given to the Chief Executive to award Contract 11059 and direct engagement service relocation contracts for an amount that ensures the gross project budget of \$4,500,000.00 is not exceeded.

12. Attachments

13. There are no attachments for this report.

14. Background

15. At its 29 March 2011 City Planning and Development Committee meeting, Council received a confidential report from staff on the integrated site development of the Base. Council resolved at its 7 April 2011 meeting to enter into an agreement with The Base Ltd (TBL) to record a number of matters including upgrading the transport network by converting the current roundabout controlled intersection of the Base Parade and State Highway 1 (Te Rapa Road) into a traffic signal controlled intersection.
16. This Agreement was completed and is dated 27 July 2011. It sets out areas of responsibility and a cost sharing proposal between The Base Ltd, NZTA and HCC in order to progress the intersection works. Part of this Agreement was for HCC to take the lead role in progressing the work notwithstanding that the intersection is a state highway intersection.
17. The design work for the intersection is now complete and the works have been put out to tender in accordance with the Agreement notwithstanding that there are still some land and planning issues to resolve that are the responsibility of NZTA and TBL.
18. The 2011 agreement indicated that the likely cost of the intersection works was \$4,500,000 and the design work carried out since then has confirmed this still as an appropriate estimate.

19. The project budget is outlined in the table below.

| item | | Estimated Cost |
|---|-----------|----------------|
| Design, including Safety Audits and Construction issue drawings | | \$100,000 |
| Land | | \$350,000 |
| Tender preparation and Contract Documentation, Procurement Phase including tender evaluation, management of the contract(s) | | \$100,000 |
| Service Relocations | | \$190,000 |
| Contract 11059 Estimate | | \$3,400,000 |
| Project/Contract Contingency 8% | | \$350,000 |
| | Sub Total | \$4,500,000 |
| Project Total cost | | |

20. The Council agreed share for this project is \$1,577,000 and provision has been made in the current 2011/12 Annual Plan for this amount from Access Hamilton reserve. There have been some delays however in progressing to this point and this funding will require a carry over into 2012/13.
21. Contract 11059 is currently being tendered with a closing date of 16 May 2012 and it is important that the contract is awarded as soon as possible to ensure physical works can commence and be completed to revised agreed timetables. Staff request delegation to the Chief Executive to award this contract subject to it being within estimate and subject to NZTA securing an alteration to designation for the works and NZTA/TBL securing suitable sale and purchase or construction entry agreements with all affected land owners.
22. The works are being tendered on a lowest price conforming basis.
23. A Multi Party Agreement (MPA) in addition to the 2011 Agreement is a requirement of NZTA and is to record matters relating to the administration of the Contract and needs to be signed prior to the award of Contract 11059.
24. The project requires utility service relocation works and as is normal for these types of work the intent is to enter into direct engagements with the utility providers. These service relocation engagements are Telstra (\$120,000), WEL (\$40,000) and Vector (\$30,000). Council approval under Procurement policy is required for any direct engagement in excess of \$100,000 and delegated approval to the CEO is sought.

25. Risks and legal implications

26. An alteration to the Road designation is required prior to construction starting. This has been lodged by NZTA and is being processed by HCC. This is expected to be finalised by mid May and will delay the construction contract award if additional time is required.
27. Land purchases are required for the new intersection and are the responsibility of NZTA/The Base. We are advised that these are currently progressing and are expected to be complete in time for construction to start.

Signatory

| | |
|------------|--|
| Authoriser | Chris Allen, General Manager City Infrastructure Group |
|------------|--|

Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Uplifting of a Portion of Segregation on Dey Street

Author: Andrew Parsons

| | |
|---|---|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>District Plan, Access Hamilton</i> |
| Financial overview | <i>There is not a budget allocated.</i> |

1. Purpose of the Report

- This report seeks a resolution from Council to uplift a portion of segregation strip that excludes vehicle access to land owned by Tristar One, a local development company, in order for them to develop their land without having to use a shared right of way that currently serves the site.

3. Executive Summary

- Tristar One has requested that Council uplift a portion of a segregation strip that will then provide sole access to Lot 2 DP 337388 to enable a proposal to develop a health care facility to take place on this lot without having to use a right of way that is shared by another party, the Hilda Ross Retirement Village.
- To enable this to occur, Council must resolve to uplift the relevant length of segregation strip and then legalise the land occupied by that strip as road. Uplifting the segregation strip will ease the planning process as the applicant will not face the likely prospect of having to obtain signatures from all residents in the Hilda Ross village.
- Staff have considered the request and the reasons for it, and have concluded that provided Tristar One pays all cost associated with the processes and also to extend the access lane on Dey Street to encompass the sole use access to Lot 2 then the segregation strip can be uplifted and legalised as road as requested.
- The land is zoned Commercial Facilities and as such permits a range of activities, including health care services, education and training facilities. Although the developer will still need a planning consent, because the site will not have the 50 metre frontage to a public road (rule 4.6.2 a) of the Proposed District Plan, the planning process will be simplified if the site has its own access.
- Staff also support the uplifting as it facilitates growth in the city on a site that will always have a non compliance to rule 4.6.2 a) The creation of a sole access whilst not removing the planning requirements does make the planning process easier, as the likely need to obtain

many signatures from affected parties will not be required, thus the site becomes more desirable to developers.

9. Recommendation/s from Management

10. That the report be received.
11. That Council resolves, pursuant to Section 114 (2)(h) and (h) of the Public Works Act 1981 to consent to Section 1, SO 446686 being declared road subject to the road legalisation also being consented to by the Minister of Conservation.
12. That all costs associated with the removal of the segregation strip and the legalisation of the land as road be borne by the Applicant, Tristar One.
13. That the Applicant Tristar One, at their cost and to the satisfaction of the General Manager City Infrastructure, extend the service lane on Dey Street to provide access to the development site.

14. Attachments

15. Attachment 1 - Site Layout Lot 2 DP 337388
16. Attachment 2 - Location Plan showing Hamilton Ring Road

17. Key issues

18. Background

19. Staff have received a request from Tristar One to uplift a portion of segregation strip that excludes vehicular traffic access to Lot 2 DP 337388. At present this site is accessed by a shared right of way. This right of way also serves the Hilda Ross retirement village.
20. Tristar One have requested that Council agree to the uplifting of the segregation strip as shown on SO 446686, so that their proposed healthcare development of Lot 2 DP 337388 can be accessed by a sole use vehicle crossing.
21. Tristar One has suggested that there would be significant issues if they were to submit an application for the health care activity on the site if the only access was shared by another party.
22. Staff have considered the application and the suggested planning issue that may arise if the access is shared. Planning Guidance advise that the Applicant would likely require the signature of every unit owner occupier, as an affected party in the Hilda Ross Village and if the signatures could not be gained then the application would have to be publicly notified.
23. The issue of the impact on the Hamilton Ring Road has been considered carefully. Staff are mindful of the need to reduce access to this road as much as possible. Tristar One has agreed to extend the proposed service lane on the west side of the Ring Road at their cost to give frontage to the proposed vehicle crossing.

24. Extension of the service lane is a solution that will have insignificant adverse traffic effects on the Ring Road as all traffic generated by the proposed lane use will have to enter and exit the site via the control access lane link on Wilson Road.
25. The day care centre that occupies the southern end of Lot 2 DP 337388 and gains access via the shared right of way will continue to do so, as the parking for this activity is located in such a manner that could not be accessed from the proposed new crossing point
26. **Legislative requirements of legal issues**
 27. There are legislative requirements that must be undertaken to uplift the segregation strip and legalise the land as road. The processes are provided for in the Public Works Act 1981.
 28. Tristar One has agreed to pay all costs associated with the legal processes.
29. **Consultation**
 30. There is no need to consult the wider community for the uplifting of the segregation strip and the legalisation of the land as road.
31. **Treaty requirements/implications**
 32. There are no known treaty issues in this case.
33. **Implementation issues**
 34. Tristar One will be required to obtain a planning consent for the activity they propose on the site. This planning activity will proceed through normal processes the planning application will need to be approved before the segregation strip is uplifted and the land subsequently legalised as road.
 35. Before access to Lot 2 is able to be used, Tristar One will have to form the extension of the proposed access lane to the appropriate standard.
36. **Options**
 37. Council could refuse the request to uplift the segregation strip. This would force the applicant to utilise the existing shared right of way which is an outcome they consider undesirable from an internal traffic management perspective. In addition, the Applicant then may be compelled to obtain all the signatures of affected parties to advance the resource consent application. This obligation may sway the applicant to withdraw from the process.
 38. Council could resolve to uplift the segregation strip provided that the developer agreed to construct the service lane as described in the report.

39. Financial and Resourcing Implications

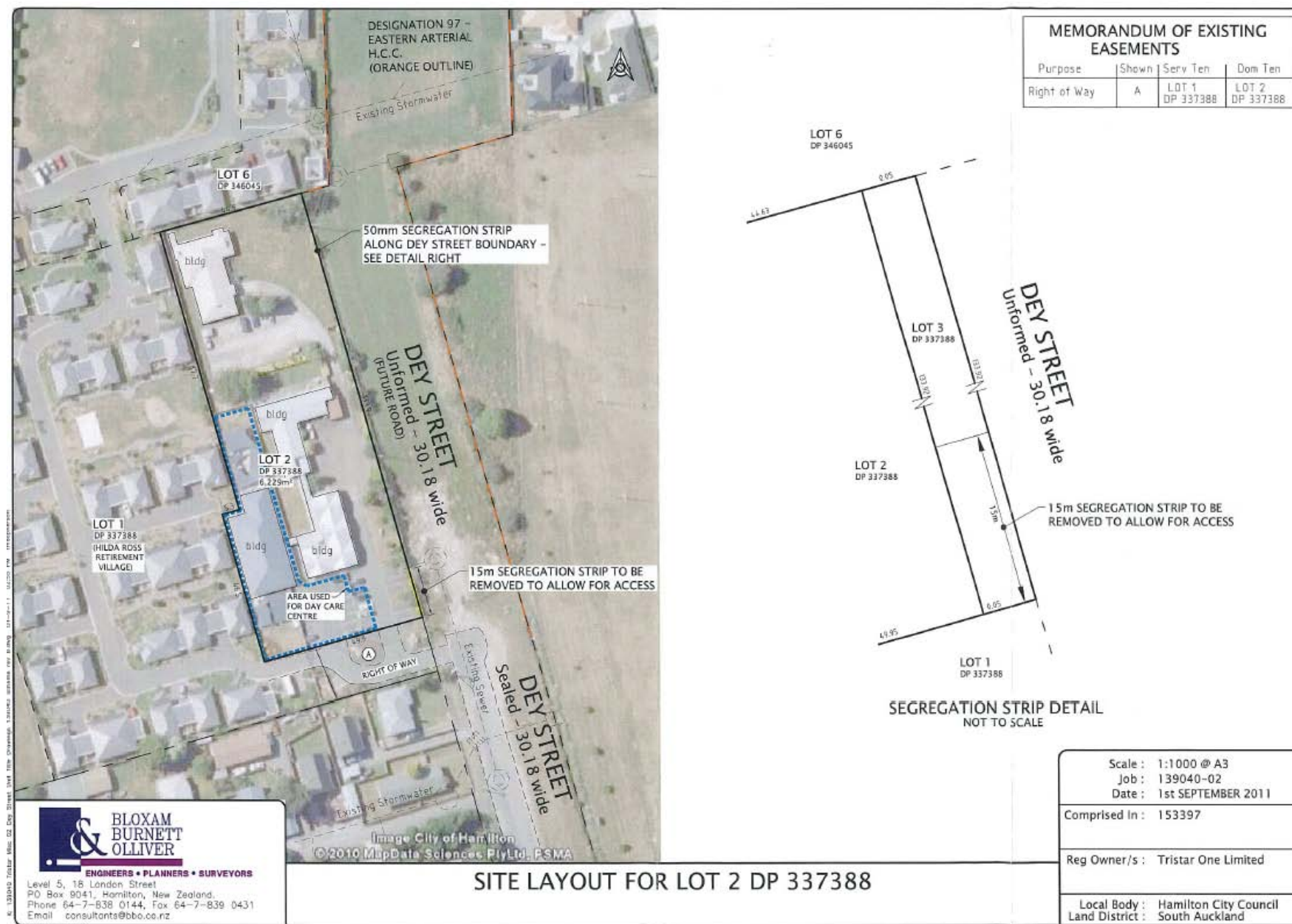
40. There is no financial or resourcing implications to Council as the Applicant has agreed to reimburse to Council for all the costs associated with the processes.

41. Risk

42. Council is not obliged to uplift the segregation strip. However, there is no reason why this should not occur. The Applicant has agreed to mitigate the traffic effects on the Hamilton Ring Road, and obtain a planning consent for any activity on the site.
43. The risk to Council is then one of prudent management of the road network and deriving comfort that the resolution to uplift the segregation strip will not adversely affect the Hamilton Ring Road. Since the Applicant has mitigated any adverse effect on the road, Council could be legally challenged if the uplifting was not supported.

Signatory

| | |
|------------|--|
| Authoriser | Chris Allen, General Manager City Infrastructure Group |
|------------|--|





Committee: Finance and Monitoring
Committee**Date:** 03 May 2012**Report Name:** Wairere Drive Road **Author:** Andrew Parsons
Legalisation

| | |
|---|---------------------------------|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Access Hamilton Strategy</i> |
| Financial overview | <i>Not Applicable</i> |

1. Purpose of the Report

- To legalise sections of Wairere Drive between Hukanui Road and Tramway Road as Road.

3. Executive Summary

- Construction of this section of Wairere Drive is now complete and Council resolution is required to legalise the Road corridor.

5. Recommendation/s from Management

- That the report be received.
- Pursuant to S.114(2)(b) and S.114(2)(h) of the Public Works Act 1981, Council consent to Sections 4,5 and 10 on SO 452361 being declared as Road.

8. Attachments

- Attachment 1 - Wairere Drive Road Legalisation Location Plan
- Attachment 2 - Wairere Drive Road Legalisation Title Plan

11. Key issues

- Construction of this section of Wairere Drive is now complete and Council resolution is required to legalise the road corridor
- A Title Plan (Attachment 2) has been surveyed, and includes segregation strips around land adjoining private property.

14. Section 10 contains part of a Stormwater facility that has been built as part of the roading project and will later be converted from road to drainage reserve along with land to be vested for the same purpose by an adjacent developer.
15. A further report will be provided to Council which deals with the section 10 change in status along with potential vesting of surplus land (section 9) to the same developer.

16. Risks and legal implications

17. Legalisation of the road is required to enable Council to undertake the functions and provisions in the Local Government Act, secure funding assistance from NZTA for operational matters and, to provide certainly for NZ Police enforcement.
18. In addition, the timing of the legalisation is important to enable an adjacent subdivision to obtain titles.

Signatory

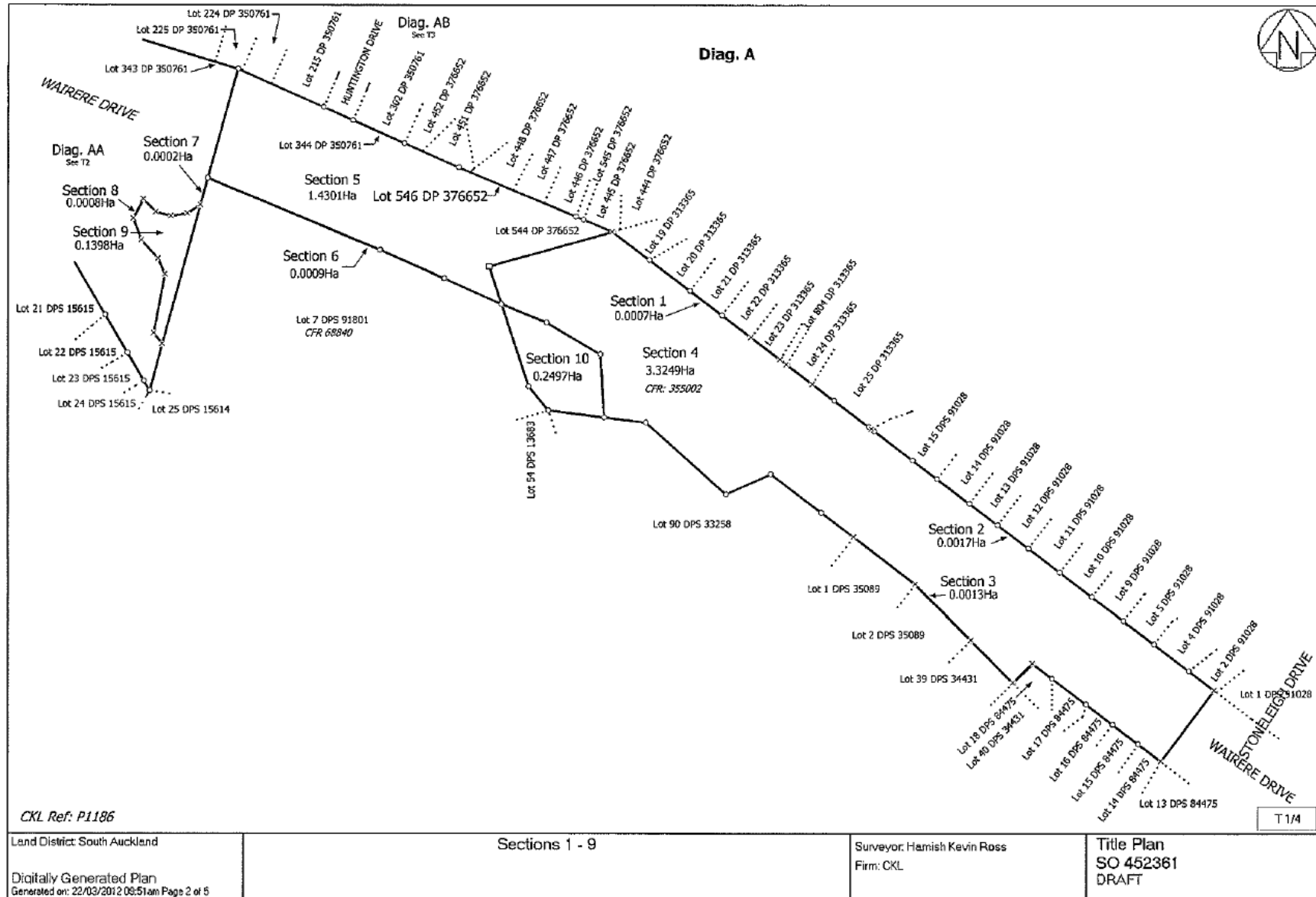
| | |
|------------|--|
| Authoriser | Chris Allen, General Manager City Infrastructure Group |
|------------|--|

Attachment 1: Location plan of Wairere Drive sections to be legalised



Item 16

Attachment 1



Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Local Authority Shared Services Ltd - Statement of Intent 2012-2013 and Six Monthly Report to 31 December 2011

Author: Fiona Ferrar

| | |
|---|----------------------------------|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Annual Plan 2012 and 2013</i> |
| Financial overview | <i>Not applicable</i> |

1. Purpose of the Report

- To provide an overview of the Local Authority Shared Services Ltd (LASS) Draft Statement of Intent (SOI) for 2012-2013.
- To provide an overview of the LASS six monthly report to 31 December 2011.

4. Executive Summary

Statement of Intent

- There are currently two major operations under the LASS umbrella- Shared Valuation Database Services (SVDS) and Waikato Regional Transport Model (WRTM). A range of other shared services opportunities are being considered. This includes some opportunities in the area of procurement that have been identified and shareholders are looking to progress these. Further work is underway to consider Human Resource initiatives.
- Shareholders will be asked to contribute funds for 2013 and the two subsequent years to cover the appointment of a resource (i.e. a Shared Services Contractor \$150k for 2013 rising to \$160k for 2015) to enable progress to be made on new shared service and strategic collaboration opportunities.
- The 2013 budget reflects an earning before interest, tax, depreciation and amortisation (EBITDA) of \$106k, and a net deficit before tax of \$399k. The 2013 budget for capital expenditure is set at \$106k for SVDS enhancements. Budgets for the following two years (2014 and 2015) are consistent with 2013. Refer to key financial highlights summarised in point 19 below.

Six Monthly Report

- The six monthly reports to 31 December 2011 reflect an earning before interest, tax, depreciation and amortisation (EBITDA) of \$135k, a favourable variance of \$20k to budget; and a net deficit before tax of \$232k, a favourable variance of \$32k to budget. Total capital expenditure of \$80k was spent for the six months, which was \$26k less than budget. Other key financial highlights are summarised in point 26 below.
- The full year forecast to 30 June 2012 reflects an EBITDA of \$131k, an unfavourable variance of \$82k to budget; and a net deficit before tax of \$612k, an unfavourable variance of \$66k to

budget. Both unfavourable variances can be explained mainly by the forecast \$67k for a Shared Services Contractor that was not included in the original budget for 2012.

10. Capital expenditure for the full year to 30 June 2012 has been forecasted at \$195k, which is \$18k below budget.

11. Recommendation/s from Management

12. That the LASS Draft SOI for 2012-2013 is received and the information noted.
13. That the LASS six monthly report to 31 December 2011 is received and the information noted.

14. Attachments

15. Attachment 1 - LASS Statement of Intent 2012-2013 Draft
16. Attachment 2 - LASS Six Monthly Report to 31 December 2011

17. Discussion

Statement of Intent

18. The LASS SOI provides a budget for 2012/2013 and the two subsequent years (2014 to 2015), which includes a statement of financial performance for the overall company, and individually for SVDS and WRTM, balance sheet, and statement of cash flows. Refer pages 8 to 13 of the SOI for detailed financial information.
19. The key financial highlights for the SOI are summarised below:

| | Budget 2013 | Budget 2014 | Budget 2015 |
|--|-------------|-------------|-------------|
| Statement of Financial Performance: | \$ | \$ | \$ |
| Total revenue | 1,218,289 | 1,232,136 | 1,144,631 |
| Earnings before interest, tax & depreciation/amortisation (EBITDA) | 106,100 | 109,697 | 113,415 |
| Depreciation/amortisation (non cash) | 504,711 | 504,504 | 494,016 |
| Net surplus/(deficit) before tax | (398,611) | (394,808) | (380,600) |
| | | | |
| Capital Expenditure: | | | |
| SVDS enhancements | 106,100 | 109,697 | 113,415 |
| | | | |
| Balance Sheet: | | | |
| Total assets | 2,020,735 | 1,621,501 | 1,250,171 |
| Total liabilities | 72,460 | 68,033 | 77,304 |
| Net equity | 1,948,275 | 1,553,468 | 1,172,867 |

20. Total revenue of \$1.218 million is budgeted for 2013, of which SVDS revenue contributes \$733k or 60% of total revenue; and WRTM revenue contributes \$262k or 22% of total revenue.
21. Although the budgets for LASS show a positive EBITDA, this is due to the accounting treatment of revenues and contributions. In reality LASS operates on a break even basis and any cash

surplus is used to fund capital expenditure or retire any debt. It should be noted net cash operating cash flows are not available for distribution to shareholder.

22. The budgeted depreciation/amortisation expense of \$505k for 2013 contributes significantly to the net deficit before tax of \$399k.
23. Due to budgeted deficits (and carry forward of tax losses) there is no tax expense for the next three years.
24. The SOI Performance targets relating to the levels of service for LASS are summarised on page 5 of the SOI.

Six Monthly Report

25. The LASS six monthly report to 31 December 2011 includes a statement of financial performance for the overall company, and individually for SVDS and WRTM, balance sheet, and statement of cash flows. Refer pages 7 to 12 of the six monthly report for further detailed financial information.
26. The key financial highlights for the six months to 31 December 2011 (and the full year budget and forecast to 30 June 2012) are summarised below:

| | Actual 6 months to 31 Dec 2011 | Budget 6 months to 31 Dec 2011 | Forecast Full Year to 30 Jun 2012 | Budget Full Year to 30 Jun 2012 |
|--|---|---|--|--|
| Statement of Financial Performance: | \$ | \$ | \$ | \$ |
| Total revenue | 535,732 | 506,572 | 1,009,597 | 1,098,153 |
| Earnings before interest, tax & depreciation/amortisation (EBITDA) | 134,806 | 114,982 | 130,627 | 213,241 |
| Depreciation/amortisation (non cash) | 367,163 | 379,790 | 742,793 | 759,579 |
| Net surplus/(deficit) before tax | (232,357) | (264,807) | (612,167) | (546,338) |
| | | | | |
| Capital Expenditure: | | | | |
| SVDS enhancements | 80,508 | 106,621 | 195,139 | 213,241 |
| | | | | |
| Balance Sheet: | | | | |
| Total assets | 2,830,127 | 2,517,009 | n/a | 2,314,577 |
| Total liabilities | 43,087 | 43,391 | n/a | 122,490 |
| Net equity | 2,787,040 | 2,473,618 | n/a | 2,192,087 |

27. The performance measures for the six months to 31 December 2011 are summarised on page 3 and 4 of the six monthly report. All performance targets except for one were met.

Signatory

| | |
|------------|--|
| Authoriser | Amanda Harman, Chief Financial Officer |
|------------|--|



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STATEMENT OF INTENT FOR 2012-2013

30 June 2012

Local Authority Shared Services Limited

Introduction

This Statement of Intent is a public declaration of the activities and intentions of the Waikato's Council Controlled Organisation, Local Authority Shared Services Limited. The statement outlines the Directors' accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

Objectives of LASS

Local Authority Shared Services (LASS) has been promulgated to provide the Councils in the Waikato region with a vehicle to procure shared services. It provides a mechanism for the development of new services which are available to be joined by any shareholder that so chooses. It also provides those Councils that wish to develop new services with a company structure under which they can develop and promote services to other local authorities.

In the early to mid 2000's the relationship between local authorities within the Waikato Region continued to strengthen. As a result of this a range of initiatives were considered by Waikato local authorities with the most beneficial being the Local Authority Shared Services (LASS). At the inception of this initiative the shareholders identified that improvements could be made in back of office activities by implementing shared services, improvements being gained through cost savings, streamlining of work processes and improved services.

This vehicle was been chosen as it was considered the most appropriate mechanism for improving, and achieving cost reductions in back of office services across the region. Over the period the company has been operating benefits have been delivered in the form of:

- Improved level and quality of service
- Co-ordinated approach to the provision of services
- Reductions in the cost of services
- Opportunity to develop new initiatives
- Opportunity for all Councils irrespective of location or size to benefit from joint initiatives
- Leverage provided from economy of scales resulting from a single entity representing Councils leveraging procurement opportunities.

At this stage these gains have been realised by shareholders in the Shared Valuation Data Service (SVDS) and the Waikato Regional transport model (WRTM) Both these operations will continue to target options for improvements in the existing software that will benefit the users.

The ability of LASS to contribute to a greater extent in terms of shared services and also at a strategic collaboration level has been the subject of discussion and agreement through the Waikato Triennial Forum.

The Directors have been tasked with identifying ways to progress these initiatives. This will involve resourcing and funding a range of initiatives that will potentially extend the services currently offered by LASS.

The LASS Directors will continue to seek any new opportunities, either from internal investigations, or from Council's and C.E.O. initiatives that are presented to it with a sound business case.

New services that are intended to be initiated under the LASS umbrella will only be adopted where a business case shows that they provide some form of benefit to the shareholders. The benefits that may be gained include development of intellectual property through new business services, protection of Council data, improved levels of service and/or reduced cost. All such proposals will be presented to the Shareholders for approval prior to implementation.

Nature and scope of Current Activities.

There are currently two major operations under the LASS umbrella.

Firstly, the Shared Valuation Data Service (SVDS). This operational system is providing both timely and accurate valuation data to member Councils and shareholders. The SVDS has become the accepted valuation database in the region.

Secondly, the Waikato Regional Transportation Model (WRTM). This model became fully operational in February 2010. This Model, built within its budgeted cost, provides accurate information to Councils for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region.

A range of shared service opportunities are being considered at the present time. For example, some opportunities in the area of procurement have been identified and the shareholders are looking to progress these opportunities.

Further work is also under way to consider how human resource initiatives can be advanced collectively under LASS.

Based on feedback from shareholder Councils and the CEO Forum, the LASS Directors will continue to discuss their role in the development of business cases for shared services at its future meetings. These investigations will include reporting to shareholders and the Waikato Triennial Forum on the alternative mechanisms to develop shared services.

Directors are mindful of the current political environment, and see these investigations of possible shared services as a key focus of their role.

The Company is currently in the process of identifying resource requirements to accelerate efforts to advance collaboration across the shareholder Councils.

Governance

LASS shall have twelve Directors with each Director representing a shareholder Council.

Unless otherwise agreed by the appointing Councils each Director shall be a Chief Executive of a local authority. In addition the board may appoint up to three professional directors to supplement the Directors' expertise.

LASS will conduct itself in accordance with its constitution, its annual Statement of Intent agreed with shareholders, and provisions of the Local Government Act 2002.

Directors

The current Directors are:

| Director | Position | Director Appointed By |
|-------------------|--|------------------------------------|
| Gavin Ion (Chair) | Chief Executive, Waikato District Council | Waikato District Council |
| Peter Guerin | Chief Executive, Rotorua District Council | Rotorua District Council |
| Chris Ryan | Chief Executive Officer, Waitomo District Council | Waitomo District Council |
| Bob Laing | Chief Executive, Waikato Regional Council | Waikato Regional Council |
| Langley Cavers | Chief Executive, Hauraki District Council | Hauraki District Council |
| Barry Harris | Chief Executive, Hamilton City Council | Hamilton City Council |
| David Hammond | Chief Executive, Thames-Coromandel District Council | Thames-Coromandel District Council |
| Garry Dyet | Chief Executive, Waipa District Council | Waipa District Council |
| Don McLeod | Chief Executive Officer, Matamata-Piako District Council | Matamata-Piako District Council |
| David Hall | Chief Executive, South Waikato District Council | South Waikato District Council |
| Rob Williams | Chief Executive Officer, Taupo District Council | Taupo District Council |
| Dave Clibbery | Chief Executive Officer, Otorohanga District Council | Otorohanga District Council |

Process for Future Developments

- All new proposed shared services will have a business case developed for presentation to the Directors. This business case will be approved by the Directors prior to any service proceeding. The appointment of a resource under LASS should minimise costs to participating Councils in undertaking new shared services.
- Any potential new service would be initiated by either in-house Director investigation, LASS resources or from shareholding Councils and / or their CEO'S. The directors of LASS see their role changing from one of an enabler, to that of an initiator of potential new services.

Activities for which the Board seeks Compensation:

It is noted that other shared services may be developed during the year that this Statement of Intent is current. Any such services will only be delivered under the LASS umbrella after the Directors have considered each individual business case including the proposed budget and agreed that the proposed service meets the objectives of LASS.

Any ongoing activities to identify, develop and procure shared services will be budgeted for in advance, subject to the business case, and either funded and staffed by individual Councils without LASS involvement, or agreed by the Directors to be funded by the LASS or utilising LASS resources with consequent recovery from participating Councils.

Shareholders will continue to contribute to the operational costs of the LASS on an annual basis.

Shareholders will be asked to contribute in 2012/2013 to the appointment of a resource to enable progress to be made on new shared service and strategic collaboration opportunities.

Performance Targets

Performance targets relate to the level of services that are current or under development. It is envisaged that these targets will expand as new services are developed.

1. **Shareholder Survey:** The company will carry out an annual survey of shareholders to assist the Directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval on the service provided.
2. **Costs Control:** Administration expenditure shall not exceed that budgeted by more than 5% unless prior **approval** is obtained from the Directors.
3. **Cashflow:** The company maintains an overall positive cashflow position.
4. **Reporting:** The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis.
5. **Statutory Adherence:** There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.
6. **SVDS Availability:** That SVDS is available to users at least 99% of normal working hours.
7. **SVDS Sales Data Delivery:** That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.
8. **SVDS Major Enhancement Development Hours:** All Capital enhancement development work is supported by a business case approved by the Advisory Group.
9. **WRTM:** That all required modelling reports are actioned within the required timeframe.
10. **WRTM:** That a full report on progress of the model be provided to the LASS Board twice each year.
11. **Advice to the Regional Governance Group:** In response to requests from shareholders, the Company will provide regular reports and updates to the Regional Governance group regarding progress with shared service initiatives.

Policy Statement

Statement of Accounting Principles

Financial statements will be for a company wholly owned by local authorities within the Waikato Region in the proportion of one share per local authority. Financial statements will be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).and the Financial Reporting Act 1993 and NZ Financial Reporting Standard No. 42.

Specific Accounting Principles

The following particular principles which have a significant effect on measurement of financial position are to apply.

- Accounts Receivable are to be stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments to be valued at the prevailing market value.
- Fixed assets to be recorded at cost, less accumulated depreciation.

Intangible Assets

- Where intangible assets are purchased, such as intellectual property and computer software, these are to be capitalised and written off on a straight line basis over their expected life, but no greater than seven years.
- Depreciation / Amortisation is to be provided on a straight line basis on all assets other than land, and align with normal accepted depreciation for the types of services being developed.

Impairment Testing

Assets with a finite life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Balance Sheet Ratios

The Local government Act 2002 requires the SOI to include the projected ratio of shareholders funds to total assets within the Forecast Statement of Financial Position.

The LASS is budgeted to have an accumulated shareholders fund of \$1,948,275 at 30 June 2013, which relates to 96.4% of total assets. The only liabilities of the LASS are trade creditors.

The Forecast Financial Statements for the years 2013-2015 are attached to this statement.

Procedures for the Purchase and acquisition of Shares.

The Board will give approval before LASS subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the group.

Inventories

- It is not envisaged that the company will hold inventories, other than those that might relate to providing computer based services to a number of parties. They will be valued at net realisable value.

Taxation

- Taxation will be provided as required against the company in line with the required legislation.

In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the Auditor General will be responsible for the audit of the company's financial statements.

It is not envisaged that the board will make any recommendation about dividends, as in the initial five years any savings will be used to reduce service costs or for reinvestment in new services and upgrades.

Value of Shareholder's Investment

The Directors' estimate of the commercial value of the shareholders' investment in the LASS is equal to the shareholders equity in the company. Reassessment of the value of this shareholding shall be undertaken on or about 1 April each year.

Compensation

Directors of the LASS will not receive any fees or expenses for work undertaken on behalf of the LASS.

As the basis of funding of LASS, payment will be sought from all local authorities that receive services from LASS.

Information to be provided to Shareholders

The company will deliver the following Statements to shareholders:

- Within two months of the end of the first half of the financial year Statement of Financial Performance, Statement of Changes in Equity Statement of Financial Position, Statement of Cashflows and Service Performance.
- Within three months of the end of the financial year the following audited statements: Statement of Financial Performance, Statement of Changes in Equity, Statement of Financial Position, Statement of Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company's medium to long-term plans.

Review of Statement of Intent

The Directors shall approve by 1 March of each year a Draft Statement of Intent for the consideration of shareholders.

The Directors must then consider any comments on the Draft Statement of Intent that are made to it within two months of 1 March by the shareholders and deliver the completed Statement of Intent to the shareholders by 30 June.

| Local Authority Shared Services | | | |
|---|------------------|------------------|------------------|
| Company Summary | | | |
| For the Year Ended 30 June 2013 | | | |
| | Budget Jun-13 | Budget Jun-14 | Budget Jun-15 |
| Revenue | | | |
| Recovery of Admin Costs | 163,550 | 168,635 | 173,892 |
| Internal Cost Recovery | 59,000 | 61,445 | 63,972 |
| Interest Received | 500 | 500 | 500 |
| SVDS Member Charges | 609,170 | 630,060 | 651,658 |
| SVDS Data & Software Sales | 124,068 | 128,274 | 132,622 |
| WRTM Cost Recovery | 182,000 | 203,222 | 81,986 |
| WRTM External Users | 40,000 | 40,000 | 40,000 |
| WRTM Reserve Realisation | 40,000 | 0 | 0 |
| Total Revenue | 1,218,289 | 1,232,136 | 1,144,631 |
| Operating Expenditure | | | |
| CA Cash Expenditure | 222,550 | 230,080 | 237,864 |
| SVDS Cash Expenditure | 627,639 | 649,137 | 671,365 |
| WRTM Cash Expenditure | 262,000 | 243,222 | 121,986 |
| Total Operating Expenses | 1,112,189 | 1,122,439 | 1,031,215 |
| Earnings Before interest, tax and depreciation/amortisation (EBITDA) | 106,100 | 109,697 | 113,415 |
| Non-Cash Operating Expenditure | | | |
| CA Non Cash Expenditure | 127 | 127 | 127 |
| SVDS Non Cash Expenditure | 176,462 | 176,255 | 165,767 |
| WRTM Non Cash Expenditure | 328,122 | 328,122 | 328,122 |
| Total Non-Cash Operating Expenditure | 504,711 | 504,504 | 494,016 |
| Earnings Before interest and tax (EBIT) | (398,611) | (394,808) | (380,600) |
| Net Surplus (Deficit) before tax | (398,611) | (394,808) | (380,600) |
| CA Net Surplus (Deficit) before tax | (127) | (127) | (127) |
| SVDS Net Surplus (Deficit) before tax | (70,362) | (66,559) | (52,351) |
| WRTM Net Surplus (Deficit) before tax | (328,122) | (328,122) | (328,122) |
| Net Surplus (Deficit) before tax | (398,611) | (394,808) | (380,600) |
| Capital Expenditure | | | |
| SVDS Enhancements | 106,100 | 109,697 | 113,415 |
| Total Capital Expenditure | 106,100 | 109,697 | 113,415 |

| Local Authority Shared Services | | | |
|---|--------------------------|--------------------------|--------------------------|
| Company Administration | | | |
| For the Year Ended 30 June 2013 | | | |
| | Budget Jun-13 | Budget Jun-14 | Budget Jun-15 |
| Revenue | | | |
| Recovery of Admin Costs - Shareholders | 163,550 | 168,635 | 173,892 |
| Recovery of Admin Costs - WRTM | 29,500 | 30,722 | 31,986 |
| Recovery of Admin Costs - SVDS | 29,500 | 30,722 | 31,986 |
| Total Revenue | 222,550 | 230,080 | 237,864 |
| Operating Expenditure | | | |
| Accountancy Fees | 3,877 | 4,009 | 4,144 |
| Audit Fees | 17,059 | 17,638 | 18,236 |
| Bank Charges | 371 | 384 | 397 |
| Financial Services | 17,433 | 18,024 | 18,635 |
| Insurance | 2,585 | 2,672 | 2,763 |
| IT Services | 360 | 372 | 385 |
| Legal Fees | 2,500 | 2,585 | 2,672 |
| Shared Services Contractor | 150,000 | 155,085 | 160,342 |
| LASS Administration & Operations | 27,915 | 28,862 | 29,840 |
| Printing, Stationary & Postage | 250 | 250 | 250 |
| Sundry Expenses | 200 | 200 | 200 |
| Total Operating Expenditure | 222,550 | 230,080 | 237,864 |
| Earnings Before interest, tax and depreciation/amortisation (EBITDA) | 0 | 0 | 0 |
| Non-Cash Expenses | | | |
| Provision for Depreciation | 127 | 127 | 127 |
| Net Surplus (Deficit) before tax | (127) | (127) | (127) |

| Local Authority Shared Services | | | |
|---|--------------------------|--------------------------|--------------------------|
| Shared Valuation Database Service (SVDS) | | | |
| For the Year Ended 30 June 2013 | | | |
| | Budget Jun-13 | Budget Jun-14 | Budget Jun-15 |
| Revenue | | | |
| Member Charges | 609,170 | 630,060 | 651,658 |
| Interest Received | 500 | 500 | 500 |
| Data & Software Sales | 124,068 | 128,274 | 132,622 |
| Total Revenue | 733,738 | 758,834 | 784,781 |
| Operating Expenditure | | | |
| <u>Direct Costs</u> | | | |
| Management Services | 377,849 | 390,658 | 403,902 |
| Hosting Contract | 83,869 | 86,712 | 89,652 |
| Software Support | 108,900 | 112,592 | 116,408 |
| Contingency | 10,000 | 10,339 | 10,689 |
| <u>Provision of Facilities by FW</u> | | | |
| Contract Management Services | 13,820 | 14,289 | 14,773 |
| Recovery of Admin Services | 29,500 | 30,722 | 31,986 |
| Secretarial Services | 3,700 | 3,825 | 3,955 |
| Total Operating Expenditure | 627,639 | 649,137 | 671,365 |
| Earnings Before interest, tax and depreciation/amortisation (EBITDA) | 106,100 | 109,697 | 113,415 |
| Non-Cash Expenses | | | |
| Provision for Depreciation | 176,462 | 176,255 | 165,767 |
| Earnings Before interest and tax (EBIT) | (70,362) | (66,559) | (52,351) |
| Net Surplus (Deficit) before tax | (70,362) | (66,559) | (52,351) |
| Capital Expenditure | | | |
| Enhancements | 106,100 | 109,697 | 113,415 |
| Total Capital Expenditure | 106,100 | 109,697 | 113,415 |
| Total Cash Expenditure (Opex, Interest & Capital) | 733,738 | 758,834 | 784,781 |

| Local Authority Shared Services | | | |
|---|------------------|------------------|------------------|
| Waikato Regional Transport Model (WRTM) | | | |
| For the Year Ended 30 June 2013 | | | |
| | Budget Jun-13 | Budget Jun-14 | Budget Jun-15 |
| Revenue | | | |
| Shareholder Cost Recovery | 182,000 | 203,222 | 81,986 |
| External Users | 40,000 | 40,000 | 40,000 |
| Reserve Realisation | 40,000 | 0 | 0 |
| Total Revenue | 262,000 | 243,222 | 121,986 |
| Operating Expenditure | | | |
| Recovery of Admin Services | 29,500 | 30,722 | 31,986 |
| Commercial Manager | 16,000 | 16,000 | 18,000 |
| Annual Scheduling of Works reviews | 4,500 | 4,500 | 5,000 |
| Minor Model Upgrades | 30,000 | 30,000 | 30,000 |
| Peer Review Expenses | 5,000 | 5,000 | 5,000 |
| Franklin Model Incorporation into WRTM | 20,000 | 0 | 0 |
| Census Update | 125,000 | 125,000 | 0 |
| External User Costs | 32,000 | 32,000 | 32,000 |
| Total Direct Costs (Model Build) | 262,000 | 243,222 | 121,986 |
| Total Operating Costs | 262,000 | 243,222 | 121,986 |
| Earnings Before interest, tax and depreciation/amortisation (EBITDA) | 0 | 0 | 0 |
| Non-Cash Expenses | | | |
| Provision for Depreciation | 328,122 | 328,122 | 328,122 |
| Earnings Before interest and tax (EBIT) | (328,122) | (328,122) | (328,122) |
| Net Surplus (Deficit) before tax | (328,122) | (328,122) | (328,122) |

| Local Authority Shared Services | | | |
|----------------------------------|------------------|------------------|------------------|
| Balance Sheet | | | |
| As at 30 June 2013 | | | |
| | Budget Jun-13 | Budget Jun-14 | Budget Jun-15 |
| Capital | | | |
| Retained Earnings | (610,115) | (1,008,726) | (1,403,533) |
| SVDS Shares | 1,607,001 | 1,607,001 | 1,607,001 |
| WRTM Shares | 1,350,000 | 1,350,000 | 1,350,000 |
| Net Surplus (Deficit) | (398,611) | (394,808) | (380,600) |
| Total Capital | 1,948,275 | 1,553,468 | 1,172,867 |
| Assets | | | |
| Current Assets | | | |
| Accounts Receivable | 81,657 | 89,792 | 59,852 |
| BNZ - Call a/c | 33,288 | 42,430 | 51,169 |
| BNZ - Cheque a/c | 91,708 | 78,745 | 69,047 |
| GST Payable (Refund Due) | (5,193) | (2,292) | 4,259 |
| RWT on Interest | 140 | 140 | 140 |
| Term Deposits | 39,021 | 27,377 | 60,995 |
| Total Current Assets | 240,620 | 236,193 | 245,463 |
| Non-Current Assets | | | |
| Intangible Assets @ Cost | 5,380,796 | 5,490,493 | 5,603,908 |
| Less Accumulated Depreciation | (3,600,681) | (4,105,184) | (4,599,199) |
| Total Non-Current Assets | 1,780,115 | 1,385,308 | 1,004,709 |
| Total Assets | 2,020,735 | 1,621,501 | 1,250,171 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other Payables | 61,883 | 57,098 | 65,998 |
| Accounts Payable Accruals | 10,577 | 10,935 | 11,306 |
| Total Current Liabilities | 72,460 | 68,033 | 77,304 |
| Total Liabilities | 72,460 | 68,033 | 77,304 |
| Net Assets | 1,948,275 | 1,553,468 | 1,172,867 |

| Local Authority Shared Services Statement of Cashflows For the Year Ended 30 June 2013 | | | |
|---|--------------------------|--------------------------|--------------------------|
| | Budget Jun-13 | Budget Jun-14 | Budget Jun-15 |
| Cashflows from Operating Activities | | | |
| Interest Received | 500 | 500 | 500 |
| Receipts from Other Revenue | 1,209,373 | 1,160,714 | 1,100,153 |
| Payments to Suppliers | (1,041,343) | (1,065,156) | (959,505) |
| Taxes Paid | (140) | (140) | (140) |
| Goods & Services tax (net) | 9,289 | (1,685) | 5,066 |
| Net cash from operating activities | 177,679 | 94,233 | 146,074 |
| Cashflows from Investing Activities | | | |
| Purchase of Intangible Assets | (106,100) | (109,697) | (113,415) |
| Investments - Term Deposits | (51,910) | 11,643 | (33,618) |
| Net Cash from Investing Activities | (158,010) | (98,053) | (147,033) |
| Net Increase in cash, cash equivalents and bank accounts | 19,669 | (3,821) | (959) |
| Cash, cash equivalents and bank accounts at the beginning of the period | 105,327 | 124,996 | 121,175 |
| Cash, cash equivalents and bank accounts at the end of the period | 124,996 | 121,175 | 120,216 |
| Summary of Bank Accounts | | | |
| BNZ - Cheque a/c | 91,708 | 78,745 | 69,047 |
| BNZ - Call a/c | 33,288 | 42,430 | 51,169 |
| Closing Balance of Bank | 124,996 | 121,175 | 120,216 |



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SIX MONTHLY REPORT TO SHAREHOLDERS

1 July 2011 to 31 December 2011

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Local Authority Shared Services Limited – 6 Monthly Report

The Local Authority Shared Services Limited (LASS) was incorporated in December 2005. This Report covers the 6 months 1 July 2011 to 31 December 2011 as required by section 66 of the Local Government Act 2002.

LASS Objective

The objective of the company is to provide Waikato Region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.

The services that will be provided under the umbrella of this company will be initiated when either the CEO Forum or the LASS Directors identifies a business case, which potentially shows that it will provide benefit to the shareholders in terms of improved levels of service and / or reduced costs. All such proposals will be investigated by the Directors and if considered meeting the LASS objectives, will be reported back to Council CEO's for approval. The appointment of the CEO's of all shareholder Councils was part of a strategy to move LASS to be more of an initiator of shared services in the region.

Nature and Scope of Activities

There are currently two major operations under the LASS umbrella.

Firstly, the Shared Valuation Data Service (SVDS). This operational system is providing both timely and accurate valuation data to member Councils and shareholders. The SVDS has become the accepted valuation database in the region,

Secondly, the Waikato Regional Transportation Model (WRTM). This model became fully operational in February 2010. This Model, built within its budgeted cost, provides accurate information to Councils for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region.

A range of shared service opportunities are being considered at the present time. For example, some opportunities in the area of procurement have been identified and the shareholders are looking to progress these opportunities.

Further work is also under way to consider how human resource initiatives can be advanced collectively under LASS.

Based on feedback from shareholder Councils and the CEO Forum, the LASS Directors will continue to discuss their role in the development of business cases for shared services at its future meetings. These investigations will include reporting to shareholders and a regional governance group on the alternative mechanisms to develop shared services.

Service Performance

. The Shared Valuation Data Service (SVDS) operation has continued to run both effectively in supplying timely and accurate information and is considered to be operating in a “steady state”. There is currently no interest being shown by other councils outside the region to join. As a result the Advisory group has undertaken a review of the development roadmap and scaled down future planned development and any planned development requires a business case prior to proceeding. This will reduce future costs. The advisory group is to be congratulated on their excellent management of this operation.

Benefits continue to accrue to Councils using the SVDS service. These include:

- Competition in the Waikato valuation market, with the resultant improved level of service.
- Far improved quality of data, and a minimum on errors.
- Standardisation of information and the removal of processing inefficiencies.
- Quicker and efficient access to data
- Far greater collaboration between user Local Authorities.

The Waikato Regional Transport Model (WRTM) is now fully operational. Requests for modelling are being received, and the development of the WRTM model as the foremost supplier of transport data will continue to be the objective of the LASS Directors and interest is being shown from commercial sources external to WRTM shareholders for modelling exercises, on a cost recovery basis. This service will continue to collect data to verify the model, and the model will be run to provide information that can be utilised for both regional and local planning.

Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2011/12 financial year. The measures and reporting below cover the 6 month period 1 July 2011 to 31 December 2011.

| Performance Measure | Actual Outcome |
|---|--|
| Shareholder Survey: The Company will carry out an annual survey of shareholders to assist the Directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval of the service provided. | A survey of shareholders will be undertaken in the second half of the year. |
| Costs control: Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is received from the Directors. | Administration expenditure is projected to be within budget for the financial year with savings in the Company secretary role projected to be used by employing resource to proactively drive shared services. All administration expense is strictly controlled. |

| | |
|--|---|
| Reporting: The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis. | Six monthly reports are provided. |
| Statutory Adherence: There will be an annual report to directors that all statutory requirements of the LASS are being adhered to. | A full report to directors will be made at its May 2012 meeting by the Company Secretary. All statutory requirements are being adhered to the Directors knowledge. |
| SVDS Availability: That SVDS is available to users at least 99% of normal working hours. | Availability is well in excess of 99% |
| SVDS Sales Data Delivery: That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers. | At this stage 100% of agreed timelines are being met. |
| SVDS Major Enhancement Development Hours: That over 50% of the Interger support hours are spent on major development work. | In the six months to date, only 40%% of Interger support hours were spent on major development work. |
| WRTM: That all required modelling reports are actioned within the required timeframe. | All timeframes are being met. |
| WRTM: That a full report on progress of the model be provided to the LASS Board twice each year. | A full report was made at the August 2011 meeting, another will be made to the May 2012 meeting. |

LASS Financial Position

Expenditure for the LASS Company has been assessed on the basis of the direct cost of management and the Directors' governance role. The Directors have directed that these costs be kept to a minimum.

The LASS Company costs for this period were \$367,163 against a budget of \$379,790. These figures represent the entire LASS company accounts, LASS Administration, SVDS and WRTM.

The combined LASS, SVDS and WRTM service costs are shown in the attached financial statements in Appendix 1. The financial statements meet the LASS policies as stated in Appendix 2 as well as the generally accepted international accounting principles.

SVDS Financial Position

The operating costs were \$353,276 against a budget of \$306,814. Revenue gained from the external sale of data during this period is \$85,713 so the balance of expenditure for this period is being met through user charges.

The cost of enhancements (additional to the above operating costs) over this period was \$65,883.

WRTM Financial Position


The net operating deficit at 31 December was \$21,803. In addition the depreciation charge for this six month period is \$164,063. Income in this period was from shareholder cost recovery of \$50,215, and external sales of data of \$6,000.

It is expected that all budgeted expenditure will be recovered from shareholders.

Directors


The Directors appointed for the period that this six monthly report covers were:

| Director | Position | Director Appointed By |
|--|--|------------------------------------|
| Gavin Ion (Chair) | Chief Executive, Waikato District Council | Waikato District Council |
| Peter Guerin | Chief Executive, Rotorua District Council | Rotorua District Council |
| Chris Ryan | Chief Executive Officer, Waitomo District Council | Waitomo District Council |
| Bob Laing | Chief Executive, Waikato Regional Council | Waikato Regional Council |
| Langley Cavers | Chief Executive, Hauraki District Council | Hauraki District Council |
| Barry Harris | Chief Executive, Hamilton City Council | Hamilton City Council |
| Steve Ruru (resigned 6 December 11) | Chief Executive, Thames-Coromandel District Council | Thames-Coromandel District Council |
| Garry Dyet | Chief Executive, Waipa District Council | Waipa District Council |
| Don McLeod | Chief Executive Officer, Matamata-Piako District Council | Matamata-Piako District Council |
| David Hall | Chief Executive, South Waikato District Council | South Waikato District Council |
| Rob Williams | Chief Executive Officer, Taupo District Council | Taupo District Council |
| Dave Clibbery | Chief Executive Officer, Otorohanga District Council | Otorohanga District Council |

| Local Authority Shared Services | | | |  | | |
|---|------------------|---------------------|----------------|---|--------------------|------------------|
| Company Summary | | | | value beyond boundaries | | |
| For the 6 Months Ended 31 December 2011 | | | | | | |
| Notes | Actual | Year to Date Budget | Variance | Budget | Full Year Forecast | Last Year |
| Revenue | | | | | | |
| Recovery of Admin Costs | 13,550 | 13,550 | 0 | 13,550 | 13,550 | 13,000 |
| Internal Cost Recovery | 29,500 | 29,500 | () | 59,000 | 59,000 | 54,000 |
| Interest Received | 1,793 | 600 | 1,193 | 1,200 | 2,976 | 5,007 |
| SVDS Member Charges | 334,335 | 348,702 | (14,366) | 697,403 | 654,303 | 708,082 |
| SVDS Customer Sales | 22,113 | 0 | 22,113 | 0 | 29,484 | 28,000 |
| SVDS Data & Software Sales | 63,600 | 60,000 | 3,600 | 120,000 | 127,200 | 102,267 |
| SVDS Cost Recovery | 14,625 | 0 | 14,625 | 0 | 14,625 | 0 |
| WRTM Cost Recovery | 50,215 | 34,221 | 15,995 | 127,000 | 68,459 | 75,946 |
| WRTM External Users | 6,000 | 20,000 | (14,000) | 40,000 | 40,000 | 57,600 |
| WRTM Reserve Realisation | 0 | 0 | 0 | 40,000 | 0 | 0 |
| Total Revenue | 535,732 | 506,572 | 29,160 | 1,098,153 | 1,009,597 | 1,043,902 |
| Operating Expenditure | | | | | | |
| CA Cash Expenditure | 12,361 | 30,475 | 18,114 | 72,550 | 114,287 | 61,778 |
| SVDS Cash Expenses | 353,276 | 306,814 | (46,463) | 605,362 | 656,224 | 609,065 |
| WRTM Operating Costs (includes WIP) | 35,288 | 54,301 | 19,013 | 207,000 | 108,459 | 121,446 |
| Total Operating Expenses | 400,926 | 391,590 | (9,336) | 884,912 | 878,970 | 792,289 |
| Earnings Before interest, tax and depreciation/amortisation (EBITDA) | 134,806 | 114,982 | 19,824 | 213,241 | 130,627 | 251,613 |
| Non-Cash Operating Expenditure | | | | | | |
| CA Non Cash Expenditure | 65 | 64 | (1) | 127 | 131 | 121 |
| SVDS Non Cash Expenditure | 203,036 | 215,665 | 12,629 | 431,330 | 414,536 | 400,198 |
| WRTM Non Cash Expenditure | 164,063 | 164,061 | (2) | 328,122 | 328,127 | 328,118 |
| Total Non-Cash Operating Expenditure | 367,163 | 379,790 | 12,626 | 759,579 | 742,793 | 728,437 |
| Earnings Before interest and tax (EBIT) | (232,357) | (264,807) | 32,450 | (546,338) | (612,167) | (476,824) |
| Net Surplus (Deficit) before tax | (232,357) | (264,807) | 32,450 | (546,338) | (612,167) | (476,824) |
| CA Net Surplus (Deficit) before tax | 31,206 | 12,512 | 18,694 | (127) | (40,823) | 5,983 |
| SVDS Net Surplus (Deficit) before tax | (121,303) | (113,177) | (8,126) | (218,089) | (244,482) | (169,125) |
| WRTM Net Surplus (Deficit) before tax | (142,260) | (164,141) | 21,881 | (328,122) | (326,861) | (313,683) |
| Net Surplus (Deficit) before tax | (232,357) | (264,807) | 32,450 | (546,338) | (612,167) | (476,824) |
| Capital Expenditure | | | | | | |
| SVDS Enhancements | 80,508 | 106,621 | 26,113 | 213,241 | 195,139 | 187,975 |
| Total Capital Expenditure | 80,508 | 106,621 | 26,113 | 213,241 | 195,139 | 187,975 |


Notes

- SVDS Member Charges for the second quarter have been reduced to reflect the cash surplus from 10/11
- Customer sales relate to ex Franklin North data provided to Auckland Gtv and is contracted on a monthly basis.
- SVDS Cost Recovery relates to the recovery of costs from TCDC for Android Inspection Application development costs.

| Local Authority Shared Services | | | |  <i>value beyond boundaries</i> | | |
|---|---------------|---------------------|---------------|--|--------------------|---------------|
| Company Administration | | | | | | |
| For the 6 Months Ended 31 December 2011 | | | | | | |
| Notes | Actual | Year to Date Budget | Variance | Budget | Full Year Forecast | Last Year |
| Revenue | | | | | | |
| Recovery of Admin Costs - Shareholders | 13,550 | 13,550 | 0 | 13,550 | 13,550 | 13,000 |
| Recovery of Admin Costs - WRTM | 14,750 | 14,750 | (0) | 29,500 | 29,500 | 27,000 |
| Recovery of Admin Costs - SVDS | 14,750 | 14,750 | (0) | 29,500 | 29,500 | 27,000 |
| Interest Received | 582 | 0 | 582 | 0 | 1,045 | 882 |
| Total Revenue | 43,632 | 43,050 | 582 | 72,550 | 73,595 | 67,882 |
| Operating Expenditure | | | | | | |
| Accountancy Fees | 1,634 | 1,900 | 266 | 3,750 | 3,751 | 7,348 |
| Audit Fees | 0 | 0 | 0 | 16,500 | 16,500 | 13,200 |
| Bank Charges | 193 | 175 | (18) | 350 | 348 | 335 |
| Financial Services | 7,956 | 10,050 | 2,094 | 19,500 | 16,889 | 15,030 |
| Insurance | 2,500 | 2,750 | 250 | 2,750 | 2,500 | 2,465 |
| IT Services | 78 | 125 | 47 | 250 | 192 | 348 |
| Legal Fees | 0 | 1,500 | 1,500 | 1,500 | 0 | 0 |
| LASS Administration & Operations | 0 | 13,500 | 13,500 | 27,000 | 6,750 | 22,785 |
| Shared Services Contractor | 0 | 0 | 0 | 0 | 67,000 | 0 |
| Printing, Stationery & Postage | 0 | 375 | 375 | 750 | 282 | 266 |
| Sundry Expenses | 0 | 100 | 100 | 200 | 75 | 0 |
| Total Operating Expenditure | 12,361 | 30,475 | 18,114 | 72,550 | 114,287 | 61,778 |
| Earnings Before interest, tax and depreciation/amortisation (EBITDA) | 31,271 | 12,575 | 18,696 | 0 | (40,692) | 6,104 |
| Non-Cash Expenses | | | | | | |
| Provision for Depreciation | 65 | 64 | (1) | 127 | 131 | 121 |
| Net Surplus (Deficit) before tax | 31,206 | 12,512 | 18,694 | (127) | (40,823) | 5,983 |
| Expected Cash Surplus | 31,271 | 12,575 | 18,696 | 0 | (40,692) | 6,104 |


Notes

- The funding for CA is now received in advance rather than in arrears, hence these funds are placed on interest bearing term deposits at the BNZ (31-Dec-11 = \$53,921)
- Recruitment costs for a Shared Services Contractor is to be funded from cash surplus from previous years.

| Local Authority Shared Services | | | |  value beyond boundaries | | |
|---|------------------|---------------------|-----------------|--|--------------------|------------------|
| Shared Valuation Database Service (SVDS) | | | | | | |
| For the 6 Months Ended 31 December 2011 | | | | | | |
| Notes | Actual | Year to Date Budget | Variance | Budget | Full Year Forecast | Last Year |
| Revenue | | | | | | |
| Member Charges 1 | 334,335 | 348,702 | (14,366) | 697,403 | 654,303 | 708,082 |
| Customer Sales 2 | 22,113 | 0 | 22,113 | 0 | 29,484 | 28,000 |
| Interest Received | 336 | 600 | (264) | 1,200 | 666 | 1,790 |
| Data & Software Sales | 63,600 | 60,000 | 3,600 | 120,000 | 127,200 | 102,267 |
| Cost Recovery 3 | 14,625 | 0 | 14,625 | 0 | 14,625 | 0 |
| Total Revenue | 435,010 | 409,302 | 25,708 | 818,603 | 826,278 | 840,139 |
| Operating Expenditure | | | | | | |
| Direct Costs | | | | | | |
| Management Services 4 | 186,930 | 180,521 | (6,409) | 361,042 | 373,860 | 363,009 |
| Hosting Contract | 39,378 | 40,560 | 1,182 | 81,119 | 78,756 | 78,756 |
| Software Support 5 | 98,818 | 52,515 | (46,303) | 105,029 | 148,886 | 121,024 |
| Insurance | 2,629 | 2,600 | (29) | 2,600 | 2,629 | 0 |
| Legal Fees | 4,250 | 4,250 | 0 | 4,250 | 4,250 | 0 |
| Contingency | 0 | 2,283 | 2,283 | 3,150 | 3,121 | 4,252 |
| Provision of Facilities by EW | | | | | | |
| Contract Management Services | 6,300 | 6,684 | 384 | 13,367 | 12,600 | 12,600 |
| Recovery of Admin Services | 14,750 | 14,750 | 0 | 29,500 | 29,500 | 27,000 |
| Secretarial Services | 222 | 2,652 | 2,430 | 5,305 | 2,622 | 2,424 |
| Total Operating Expenditure | 353,276 | 306,814 | (46,463) | 605,362 | 656,224 | 609,065 |
| Earnings Before interest, tax and depreciation/amortisation (EBITDA) | 81,733 | 102,488 | (20,754) | 213,241 | 170,054 | 231,073 |
| Non-Cash Expenses | | | | | | |
| Provision for Depreciation | 203,036 | 215,665 | 12,629 | 431,330 | 414,536 | 400,198 |
| Earnings Before interest and tax (EBIT) | (121,303) | (113,177) | (8,126) | (218,089) | (244,482) | (169,125) |
| Net Surplus (Deficit) before tax | (121,303) | (113,177) | (8,126) | (218,089) | (244,482) | (169,125) |
| Capital Expenditure | | | | | | |
| Android Inspection - WIP 3 | 14,625 | 0 | (14,625) | 0 | 14,625 | 0 |
| Enhancements 5 | 65,883 | 106,621 | 40,738 | 213,241 | 180,514 | 187,975 |
| Total Cash Expenditure (Opex, Interest & Capital) | 433,784 | 413,434 | (20,350) | 818,603 | 851,363 | 797,040 |
| Cash Surplus | 1,226 | (4,132) | 5,359 | 0 | (25,085) | 43,098 |


Notes

- SVDS Member Charges for the second quarter have been reduced to reflect the cash surplus from 10/11.
- Customer sales relate to ex-Franklin North data provided to Auckland Qtv and is contracted on a monthly basis.
- Android Inspection Application development costs are to be recovered by TQDC but software to be owned by LASS.
- Management Services are higher due to the additional Franklin North properties.
- The split between Enhancements and Software Support was budgeted to be 67:33. YTD actual 40:60. The difference in this split is under investigation.

| Local Authority Shared Services | | | | |  value beyond boundaries | | |
|--|-------|------------------|------------------------|---------------|---|-----------------------|------------------|
| Waikato Regional Transport Model (WRTM) For the 6 Months Ended 31 December 2011 | | | | | | | |
| | Notes | Actual | Year to Date Budget | Variance | Budget | Full Year Forecast | Last Year |
| Revenue | | | | | | | |
| Cost Recovery | 1 | 50,215 | 34,221 | 15,995 | 127,000 | 68,459 | 75,946 |
| External Users | | 6,000 | 20,000 | (14,000) | 40,000 | 40,000 | 57,600 |
| Reserve Realisation | | 0 | 0 | 0 | 40,000 | 0 | 0 |
| Interest Received | 2 | 875 | 0 | 875 | 0 | 1,265 | 2,335 |
| Total Revenue | | 57,091 | 54,221 | 2,870 | 207,000 | 109,724 | 135,881 |
| Total Model Build Costs | | | | | | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenditure | | | | | | | |
| Recovery of Admin Services | | 14,750 | 14,750 | 0 | 29,500 | 29,500 | 27,000 |
| Project Manager | | 9,330 | 8,801 | (529) | 16,000 | 17,310 | 16,350 |
| Annual Scheduling of Works review | | 0 | 2,250 | 2,250 | 4,500 | 4,500 | 4,315 |
| Legal Fees | | 149 | 0 | (149) | 0 | 149 | 1,425 |
| Peer Review Expenses | | 0 | 2,500 | 2,500 | 5,000 | 5,000 | 4,479 |
| Minor Model Upgrades | | 6,059 | 10,000 | 3,941 | 20,000 | 20,000 | 22,376 |
| External User Costs | | 5,000 | 16,000 | 11,000 | 32,000 | 32,000 | 45,500 |
| Census Update | 1 | 0 | 0 | 0 | 100,000 | 0 | 0 |
| Total Operating Costs | | 35,288 | 54,301 | 19,013 | 207,000 | 108,459 | 121,446 |
| Total Expenditure | | | | | | | |
| | | 35,288 | 54,301 | 19,013 | 207,000 | 108,459 | 121,446 |
| Earnings Before interest, tax and depreciation/amortisation (EBITDA) | | | | | | | |
| | | 21,803 | (80) | 21,883 | 0 | 1,265 | 14,435 |
| Non-Cash Expenses | | | | | | | |
| Provision for Depreciation | | 164,063 | 164,061 | (2) | 328,122 | 328,127 | 328,118 |
| Earnings Before interest and tax (EBIT) | | (142,260) | (164,141) | 21,885 | (328,122) | (326,861) | (313,683) |
| Net Surplus (Deficit) before tax | | | | | | | |
| | | (142,260) | (164,141) | 21,885 | (328,122) | (326,861) | (313,683) |
| Capital Contribution | | | | | | | |
| WRTM Shares | | 0 | 0 | 0 | 0 | 0 | 1,350,000 |
| Expected Cash Surplus | | 21,803 | (80) | 21,883 | 0 | 1,265 | 14,435 |


Notes

1. Cost Recovery has been reduced due to the delay of the census.
2. Surplus funds are placed on an interest bearing term deposit at the BNZ (31-December-11 = \$37,922)

| Local Authority Shared Services | | | | | | |
|--|------------------|------------------|----------------|------------------|------------------|--|
| <div>  </div> | | | | | | |
| <div> <div>Balance Sheet</div> <div>As at 31 December 2011</div> </div> | | | | | | |
| Notes | Year to Date | | | Full Year | | |
| | Actual | Budget | Variance | Budget | Last Year | |
| Capital | | | | | | |
| Retained Earnings | 22,396 | (218,576) | 240,972 | (218,576) | 499,220 | |
| WRTM Reserve | 40,000 | 0 | 40,000 | 0 | 40,000 | |
| SVDS Shares | 1,607,001 | 1,607,001 | 0 | 1,607,001 | 1,607,001 | |
| WRTM Shares | 1,350,000 | 1,350,000 | 0 | 1,350,000 | 1,350,000 | |
| Net Surplus (Deficit) | (232,357) | (264,807) | 32,450 | (546,338) | (476,824) | |
| Total Capital | 2,787,040 | 2,473,618 | 313,422 | 2,192,087 | 3,019,397 | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Accounts Receivable | 87,213 | 27,270 | 59,943 | 43,816 | 132,177 | |
| Accounts Receivable Accruals | 3,030 | 3,713 | (684) | 0 | 30,360 | |
| Accrued Interest on Term Deposits | 174 | 0 | 174 | 0 | 76 | |
| BNZ - Call a/c | 40,854 | 57,651 | (16,797) | 108,638 | 53,350 | |
| BNZ - Cheque a/c | 94,080 | 10,722 | 83,358 | 58,498 | 41,957 | |
| GST (Payable)/ Refund Due | 10,028 | 6,861 | 3,167 | 12,994 | 4,650 | |
| RWT on Interest | 2,491 | 117 | 2,374 | 360 | 1,989 | |
| Term Deposits | 133,076 | 47,235 | 85,841 | 0 | 96,706 | |
| Total Current Assets | 370,945 | 153,570 | 217,375 | 224,306 | 361,264 | |
| Non-Current Assets | | | | | | |
| SVDS - Intangible Asset | 2,882,913 | 2,863,001 | 19,913 | 2,969,621 | 2,802,406 | |
| WRTM - Intangible Asset | 2,296,855 | 2,250,000 | 46,855 | 2,250,000 | 2,296,855 | |
| Less Accumulated Depreciation | (2,720,586) | (2,749,562) | 28,975 | (3,129,350) | (2,353,424) | |
| Total Non-Current Assets | 2,459,182 | 2,363,439 | 95,743 | 2,090,271 | 2,745,837 | |
| Total Assets | 2,830,127 | 2,517,009 | 313,118 | 2,314,577 | 3,107,101 | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Trade and other Payables | 40,659 | 43,391 | (2,732) | 122,490 | 78,275 | |
| Accounts Payable Accruals | 2,428 | 0 | 2,428 | 0 | 9,430 | |
| Total Current Liabilities | 43,087 | 43,391 | (304) | 122,490 | 87,705 | |
| Total Liabilities | 43,087 | 43,391 | (304) | 122,490 | 87,705 | |
| Net Assets | 2,787,040 | 2,473,618 | 313,422 | 2,192,087 | 3,019,397 | |

Notes

1. A WRTM Reserve was created from surplus funds to be used against expected 2013 Census enhancement costs
2. A separate interest bearing bank account has been opened for the surplus SVDS funds. This will be utilised by reducing the 11/12 SVDS Member Charges.

| Local Authority Shared Services Statement of Cashflows For the 6 Months Ended 31 December 2011 | | |  value beyond boundaries | |
|--|------------------|------------------------|--|----------------------------------|
| Notes | Actual | Year to Date Budget | Variance | Full Year Budget Last Year |
| Cashflows from Operating Activities | | | | |
| Interest Received | 1,793 | | | 1,200 5,009 |
| Receipts from Other Revenue | 576,635 | | | 957,765 855,235 |
| Payments to Suppliers | (416,044) | | | (753,663) (716,721) |
| Taxes Paid | (502) | | | (126) (465) |
| Goods & Services tax (net) | (5,378) | | | 10,927 (2,249) |
| Net cash from operating activities | 156,504 | | | 216,103 140,809 |
| Cashflows from Investing Activities | | | | |
| Purchase of Intangible Assets | (80,508) | | | (213,241) (187,975) |
| Investments - Term Deposits | (36,371) | | | 0 19,070 |
| Net Cash from Investing Activities | (116,878) | | | (213,241) (168,905) |
| Net Increase in cash, cash equivalents and bank accounts | 39,627 | | | 2,860 (28,096) |
| Cash, cash equivalents and bank accounts at the beginning of the period | 95,307 | | | 164,277 123,403 |
| Cash, cash equivalents and bank accounts at the end beginning of the period | 134,934 | | | 167,137 95,307 |
| Summary of Bank Accounts | | | | |
| BNZ - Cheque a/c | 94,080 | | | 58,498 41,957 |
| BNZ - Call a/c | 40,854 | | | 108,638 53,350 |
| Closing Balance of Bank | 134,934 | | | 167,137 95,307 |

Appendix 2

Policy Statement

The following policies have been adhered to in the completion of this annual report:

Accounting Principles

Financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (GAAP), the Financial Reporting Act 1993 and NZ IFRS Standards.

Specific Accounting Principles

The following particular principles which have a significant effect on measurement of financial position are to apply.

Accounts Receivable are to be stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.

Investments will be valued at the prevailing market value.

Fixed assets will be recorded at cost, less accumulated depreciation.

Intangible Assets

Where intangible assets are purchased, such as intellectual property, these are to be capitalised and written off on a straight line basis over their expected life, but no greater than seven years.

Depreciation will be provided on a straight line basis on all assets other than land, and align with normal accepted depreciation for the types of services being developed.

Impairment Testing

Assets with a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Inventories

It is not envisaged that the company will hold inventories, other than those that might relate to providing electronic services to a number of parties. They will be valued at net realisable value.

Taxation

Taxation will be provided as required against the company in line with the required legislation.

Audit

In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the office of the Auditor General is responsible for audit of the company's financial statements.

Dividend Payments

No funds were available for dividend payments. It is not envisaged that the Board will make any recommendation about dividend, as in the initial five years any savings will be used to reduce service costs or for reinvestment in new services or upgrades.

Consolidated Shareholders' Funds

In accordance with the Local Government Act 2002, the ratio of Consolidated Shareholders' Funds to Total Assets has been included within the Statement of Financial Position (Balance Sheet).

Consolidated Shareholders' Funds are defined as the sum of retained earnings, reserves and paid-up share capital.

Assets

Total Assets encompass Current and Non Current Assets as disclosed in the Statement of Financial Position (Balance Sheet). This includes, but is not limited to, Bank, Debtors and Operational Assets.

Committee: Finance and Monitoring
Committee

Date: 03 May 2012

Report Name: Innovation Waikato Ltd - **Author:** Fiona Ferrar
Annual Accounts 30 June 2011

| | |
|---|-------------------------|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Annual Plan 2012</i> |
| Financial overview | <i>Not applicable</i> |

1. Purpose of the Report

- To provide an overview of the financial statements for Innovation Waikato Ltd (IWL) for the year ended 30 June 2011.

3. Executive Summary

4. Background Information

- IWL is a limited liability company with an independent Board of Directors. The company owns and operates the Waikato Innovation Park. IWL has grown the park to three buildings, with 50 companies and over 350 people employed within the Park. IWL has 4 x 25 year lease over 16.6 hectares and has a Master Plan for up to 15 buildings when fully developed.
- IWL is currently constructing a pilot spray dryer as a part of the New Zealand Food Innovation Network. IWL has two firm opportunities beyond the initial pilot spray dryer, but does not want to further leverage its equity.
- Additionally IWL has formed two subsidiaries, Dairy Solutionz (NZ) Ltd and Beef Solutionz (NZ) Ltd, to assist New Zealand's agricultural companies to expand export sales.

8. Annual Accounts

- The Auditors (Cleland Hancox) expressed an unqualified audit opinion on the 13 December 2011 for the IWL financial statements for the year ended 30 June 2011 - refer Attachment 1.
- Council's \$2.4 million loan advance to IWL was converted to 247 shares in IWL on 24 August 2010, which represents 19.8% of the total shareholding of the company. Katolyst Group owns the remaining 1,000 shares (80.2%) in IWL. As Council became a shareholder during the 2011 financial year, the IWL financial statements are being presented to Council for the first time.
- During October 2011 Council was advised of proposed new shareholder in IWL, i.e. Eden Agricapital Ltd to take up 1,247 shares, constituting 50% of the outstanding shares. This proposal is currently subject to Eden Agricapital Ltd raising capital in the open market. A report will be provided to Council shortly updating the Eden Agricapital Ltd proposal and the next steps for IWL, and any requirements on the shareholders. The Chairman of IWL will attend for that comprehensive update.

12. IWL made a net deficit of \$476k for the year ended 30 June 2011, down \$338k on the previous year (2010 net deficit of \$137k). Further analysis is provided in points 22 to 31 below.
13. The company did not declare a dividend for the year.
14. IWL's bank term loans increased by \$1.7 million to \$6.2 million as at 30 June 2011. These funds were used mainly to fund capital expenditure on the Innovation Park Buildings and other plant and equipment.
15. The Chairman's Report for 2011 has been attached - refer Attachment 2. The Chairman, Michael Spaans and/or the CEO of IWL, Derek Fairweather will attend the Finance and Monitoring Committee meeting to address any questions on the 2011 financial statements and provide an update.

16. Recommendation/s from Management

17. That the report be received.

18. Attachments

19. Attachment 1 - Innovation Waikato Ltd Financial Statements 30 June 2011
20. Attachment 2 - Innovation Waikato Ltd Chairman's Report 2011

21. Discussion

22. The key financial highlights are summarised below:

| Statement of Financial Performance | 2011 | 2010 | Variance Favourable/ (Unfavourable) |
|--|------------|------------|---|
| Operating revenue | 3,563,309 | 2,424,254 | 1,139,055 |
| Cost of sales | 1,488,635 | 701,958 | (786,677) |
| Gross Surplus | 2,074,674 | 1,722,296 | 352,378 |
| Expenses (excluding interest and depreciation) | 1,529,860 | 1,036,028 | (493,832) |
| Earnings before interest, tax, depreciation & amortisation(EBITDA) | 544,814 | 686,268 | (141,454) |
| Finance expenses | 447,180 | 353,508 | (93,672) |
| Depreciation | 574,620 | 497,949 | (76,671) |
| Net deficit (before other income) | (476,986) | (165,189) | (311,797) |
| Other income | 1,255 | 27,901 | (26,646) |
| Net deficit | (475,730) | (137,288) | (338,442) |
| | | | |
| Statement of Financial Position | 2011 | 2010 | Variance Favourable/ (Unfavourable) |
| Total assets | 17,516,826 | 16,623,676 | 893,150 |
| Total liabilities | 9,774,930 | 10,806,051 | 1,031,121 |
| Net equity | 7,741,896 | 5,817,625 | 1,924,271 |
| Equity ratio (net equity to total assets %) | 44.20% | 35.00% | 9.2% |

23. Total operating revenue of \$3.563 million for 2011, increased \$1.139 million over the previous year. This increase is explained by the 2011 rental income of \$1.615 million being \$291k higher than 2010, due to a higher occupancy and a full year of rental income for the Tetra Pak building for 2011 compared to 2010; grant income of \$754k being \$391k higher than 2010, and project income of \$715k being \$473k higher than 2010. Grant income comprises funds derived from Ministry of Economic Development and were used to fund offshore commercialisation activities.
24. Total expenses (excluding finance expenses and depreciation) of \$1.529 million for 2011 increased by \$493k over the previous year. This variance is explained by the following expenses being higher in 2011 compared to 2010: consultants \$54k, travelling expenses \$62k, directors fees \$233k and wages \$162k.
25. Directors fees of \$233k in the 2011 year have been recognised for the first time since the inception of the company. This covers five Directors on the IWL Board and four Directors on the two subsidiary boards, Dairy Solutionz (NZ) Ltd and Beef Solutionz (NZ) Ltd. The director fees for the IWL Board were approved by the Katolyst Board on 19 April 2010. The directors fees for the subsidiary companies were set by the IWL Board on 18 May 2010.
26. Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$545k for 2011 decreased by \$141k from the previous year.

27. Finance expenses of \$447k for 2011 increased by \$93k previous year. This is a result of the cost of establishing a new loan facility with BNZ, and an increase in interest expense due to higher interest rates on new loans and a net increase in borrowings for the year.
28. Depreciation of \$574k for 2011 increased by \$77k over the previous year, mainly due new assets being capitalised during 2011.
29. IWL has taken advantage of all differential reporting exemptions and a decision was made not to revalue the investment properties on an annual basis due to associated costs obtaining external valuations. However, it should be noted that as part of the recent negotiations with Eden Agricapital, IWL was valued at \$13.2m at an effective date of 14 October 2011.
30. Council's 247 shares or 19.8% shareholding in IWL is represented by \$2.4 million in equity. Katolyst's 1,000 shares or 80.2% shareholding in IWL as uncalled capital, and the value is only represented in the retained earnings. The conversion of Council's \$2.4 million loan advance to equity has resulted in the equity ratio of IWL increasing to 44.2% as at 30 June 2011.
31. Subsidiaries comprising Dairy Solutionz (NZ) Ltd and Beef Solutionz (NZ) Ltd, in total have contributed \$213k in project income to the Group for 2011 (2010 nil), and contributed \$173k in direct and overhead expenses to the Group for 2011 (2010 nil).

Signatory

| | |
|------------|--|
| Authoriser | Blair Bowcott, General Manager Performance Group |
|------------|--|

Innovation Waikato Limited
Financial Statements
For the year ended 30 June 2011

Innovation Waikato Limited

Contents of Financial Statements

For the Year ended 30 June 2011

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Innovation Waikato Limited

Directory

As at 30 June 2011

| | | |
|---------------------------|---|--|
| Nature of Business | The development and operation of an Innovation Park in Hamilton, New Zealand. | |
| Address | Waikato Innovation Park Ruakura Lane Hamilton 3216 | |
| Registered Office | Waikato Innovation Park Ruakura Lane Hamilton 3216 | |
| Authorised Capital | 1,247 Ordinary Shares | |
| Directors | Reindert Michael Spaans Andrew William West Christopher Martin Udale Anthony Victor Steele | |
| Shareholders | The Katolyst Group Hamilton City Council | 1,000 Ordinary Shares 247 Ordinary Shares |
| Accountants | Deloitte Chartered Accountants 24 Bridge Street Hamilton 3216 | |
| Auditors | Cleland Hancox Chartered Accountants P O Box 9495 Hamilton | |
| Bankers | BNZ 354 Victoria Street Hamilton | |
| Solicitors | Tompkins Wake Westpac House Level 8 430 Victoria Street Hamilton | |
| IRD Number | 80-105-991 | |
| Company Number | 1157067 | |

Innovation Waikato Limited

Annual Report

For the Year Ended 30 June 2011

Approval and Issue of Financial Statements

On this date the Directors approve and issue the annual report including the attached financial statements for Innovation Waikato Limited for the year ended 30 June 2011.

Reporting Concessions

The shareholders of Innovation Waikato Limited have unanimously agreed to take advantage of the reporting concessions available to them under section 211(3) of the Companies Act 1993 whereby the annual report need not comply with any of paragraphs (a) and (e) - (j) of section 211(1), namely not to disclose information otherwise required concerning the activities of the Directors, employees, auditors if any, and donations.

Auditor

An auditor has been appointed.

For and on behalf of the Board.



Director

Date 18 Nov 2011



Director

Date 18 November 2011

Innovation Waikato Limited

Statement of Financial Performance

For the Year Ended 30 June 2011

| | Note | Group | | Company | |
|--|----------|------------------|------------------|------------------|------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | \$ | \$ | \$ | \$ |
| Operating Revenue | | | | | |
| Rental Income | | 1,615,484 | 1,324,352 | 1,615,484 | 1,324,352 |
| Fitout & Equipment Leases | | 127,308 | 121,950 | 127,308 | 121,950 |
| Opex Recovery | | 189,623 | 181,823 | 189,623 | 181,823 |
| Miscellaneous Income | | 121,421 | 150,341 | 121,421 | 150,341 |
| Grant Income | | 754,814 | 363,873 | 754,814 | 363,873 |
| Deferred Grant Income | | 40,000 | 40,000 | 40,000 | 40,000 |
| Project Income | | 714,660 | 241,915 | 501,955 | 241,915 |
| Total Sales | | 3,563,309 | 2,424,254 | 3,350,604 | 2,424,254 |
| Less Cost of Sales | | | | | |
| Opening Work In Progress | | 245,575 | 67,331 | 245,575 | 67,331 |
| Project Expenses | | 1,359,627 | 880,202 | 1,354,035 | 880,202 |
| | | 1,605,202 | 947,533 | 1,599,610 | 947,533 |
| Closing Work In Progress | | (116,566) | (245,575) | (116,566) | (245,575) |
| Total Cost of Sales | | 1,488,636 | 701,958 | 1,483,044 | 701,958 |
| Gross Surplus | | 2,074,674 | 1,722,296 | 1,867,561 | 1,722,296 |
| Less Expenses | | | | | |
| Administration Expenses | | 221,816 | 195,390 | 152,600 | 195,390 |
| Overhead Expenses | | 1,308,042 | 840,638 | 1,209,473 | 840,638 |
| Finance Expenses | | 447,180 | 353,508 | 447,043 | 353,508 |
| Non Cash Expenses | | 574,620 | 497,949 | 574,620 | 497,949 |
| Total Expenses | 3 | 2,551,659 | 1,887,485 | 2,383,736 | 1,887,485 |
| Net (Deficit) Surplus | | (476,986) | (165,189) | (516,175) | (165,189) |
| Other Income | | | | | |
| Interest Received | | 1,255 | 3,654 | 1,255 | 3,654 |
| Depreciation Recovered | | - | 24,247 | - | 24,247 |
| Total Other Income | | 1,255 | 27,901 | 1,255 | 27,901 |
| Net Operating (Deficit) Surplus | | (475,730) | (137,288) | (514,920) | (137,288) |
| Add Subvention Receipt | | 44,138 | - | 44,138 | - |
| Less Subvention Payment | | (44,138) | - | - | - |
| Net (Deficit) Surplus | | (475,730) | (137,288) | (470,782) | (137,288) |

These financial statements are to be read in conjunction with the accompanying Notes.



Innovation Waikato Limited

Statement of Movements in Equity

For the Year Ended 30 June 2011

| | Note | Group | | Company | |
|---------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | \$ | \$ | \$ | \$ |
| Revenue and Revaluations | | | | | |
| Net (Deficit) Surplus | | (475,730) | (137,288) | (470,782) | (137,288) |
| Prior Period Adjustment | 8 | - | 60,880 | - | 60,880 |
| Total Revenue and Revaluations | | (475,730) | (76,408) | (470,782) | (76,408) |
| Equity at the Beginning of the Year | | 5,817,625 | 5,894,033 | 5,817,625 | 5,894,033 |
| Equity at the End of the Year | | 5,341,895 | 5,817,625 | 5,346,844 | 5,817,625 |

These financial statements are to be read in conjunction with the accompanying Notes.



Innovation Waikato Limited

Statement of Financial Position

As at 30 June 2011

| | Note | Group | | Company | |
|--------------------------------------|------|-------------------|--------------------|-------------------|--------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | \$ | \$ | \$ | \$ |
| Equity | | | | | |
| Share Capital | 5 | 2,400,001 | 1 | 2,400,001 | 1 |
| Retained Earnings | 7 | 5,341,895 | 5,817,624 | 5,346,844 | 5,817,624 |
| Total Equity | | 7,741,896 | 5,817,625 | 7,746,845 | 5,817,625 |
| Represented by: | | | | | |
| Current Assets | | | | | |
| Cash & Bank Balance | 9 | 129,707 | 366,835 | 15,444 | 366,835 |
| Accounts Receivable | | 635,571 | 446,213 | 583,760 | 446,213 |
| Accrued Income | | 144,013 | - | 144,013 | - |
| GST Receivable | | 105,512 | - | - | - |
| Prepayments | | 20,547 | 22,667 | 20,547 | 22,667 |
| Related Parties | 14 | 28,802 | - | 28,802 | - |
| Work In Progress (Project Expenses) | | 116,566 | 245,575 | 116,566 | 245,575 |
| Total Current Assets | | 1,180,719 | 1,081,290 | 909,133 | 1,081,290 |
| Current Liabilities | | | | | |
| Cash & Bank Balance | 9 | 620,881 | - | 621,384 | - |
| Payables & Accruals | 13 | 843,647 | 1,898,051 | 281,117 | 1,898,051 |
| GST Payable | | - | 30,774 | 72,805 | 30,774 |
| Related Parties | 14 | - | 2,400,000 | 2,395 | 2,400,000 |
| Other Current Liabilities | 15 | 19,495 | 17,226 | 19,495 | 17,226 |
| Total Current Liabilities | | 1,484,024 | 4,346,051 | 997,196 | 4,346,051 |
| Working Capital | | (303,305) | (3,264,761) | (88,063) | (3,264,761) |
| Non Current Assets | | | | | |
| Related Parties | 14 | - | - | 765,747 | - |
| Property, Plant & Equipment | 10 | 281,085 | 319,462 | 281,085 | 319,462 |
| Investment Property | 11 | 16,050,975 | 15,218,878 | 14,904,030 | 15,218,878 |
| Intangibles | 12 | 4,046 | 4,046 | 4,046 | 4,046 |
| Total Non Current Assets | | 16,336,107 | 15,542,386 | 15,954,908 | 15,542,386 |
| Non Current Liabilities | | | | | |
| Term Loans - Secured | 16 | 6,200,000 | 4,500,000 | 6,200,000 | 4,500,000 |
| Deferred Income | 17 | 2,090,906 | 1,960,000 | 1,920,000 | 1,960,000 |
| Total Non Current Liabilities | | 8,290,906 | 6,460,000 | 8,120,000 | 6,460,000 |
| Net Assets | | 7,741,896 | 5,817,625 | 7,746,845 | 5,817,625 |

Director

Date 18 Nov 2011

Director



Date 18 November 2011.

These financial statements are to be read in conjunction with the accompanying Notes.

Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011

1 Statement of Accounting Policies

Innovation Waikato Limited ('the Company') is a company incorporated in New Zealand and registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993. The company and its subsidiaries comprise the Innovation Waikato Group.

The financial statements of the company and the Innovation Waikato Group have been prepared in accordance with the Financial Reporting Act 1993.

Innovation Waikato Limited is involved in the business of the development and operation of an Innovation Park in Hamilton, New Zealand.

Statement of Compliance and Basis of Preparation

The Financial Statements of Innovation Waikato Limited have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand (NZ GAAP).

The Company qualifies for differential reporting as it is not publicly accountable and is not large as defined in the Framework for Differential Reporting. The Company has taken advantage of all available differential reporting exemptions.

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed by the Company. The financial statements are prepared on a going concern basis.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

(a) Revenue

Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Grants received are recognised in the Statement of Financial Performance when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Interest income is accounted for as earned. Rental income is accounted for as earned.

(b) Expenses

Expenses have been classified on their business function.

(c) Work In Progress

Work in progress comprising materials, labour & overheads is valued at cost.

(d) Trade Receivables

Trade Receivables are recognised at estimated realisable value.



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

(e) Property, Plant & Equipment

Property, Plant & Equipment are recognised at cost less aggregate depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. Gains and losses on disposal of Property, Plant & Equipment are taken into account in determining the operating result for the year.

The following depreciation rates have been applied:

| | |
|--------------------|------------------|
| Buildings | 3.0% - 4.0 % DV |
| Plant & Equipment | 9.0% - 48.0% DV |
| Computer Equipment | 39.6% - 60.0% DV |
| Office Equipment | 14.4% - 60.0% DV |

(f) Income Tax

The income tax expense recognised in the Statement of Financial Performance is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

(g) Intangible Assets

IP addresses are an infinite life intangible which are recorded at cost and have not been amortised.

(h) Goods and Services Taxation (GST)

Revenues and expenses have been recognised in the financial statements exclusive of GST. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

(i) Basis of Consolidation

The Group financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (it's subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

(j) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements.

| 2 Revenue | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Operating Revenue | | | | |
| Rental Income | 1,615,484 | 1,324,352 | 1,615,484 | 1,324,352 |
| Fitout & Equipment Leases | 127,308 | 121,950 | 127,308 | 121,950 |
| Opex Recovery | 189,623 | 181,823 | 189,623 | 181,823 |
| Miscellaneous Income | 121,421 | 150,341 | 121,421 | 150,341 |
| Grant Income | 754,814 | 363,873 | 754,814 | 363,873 |
| Deferred Grant Income | 40,000 | 40,000 | 40,000 | 40,000 |
| Project Income | 714,660 | 241,915 | 501,955 | 241,915 |
| Total Operating Revenue | 3,563,309 | 2,424,254 | 3,350,604 | 2,424,254 |
| Non Operating Revenue | | | | |
| Interest Received | | | | |
| Interest Received | 1,255 | 3,654 | 1,255 | 3,654 |
| Other Income | | | | |
| Depreciation Recovered | - | 24,247 | - | 24,247 |
| Total Non Operating Revenue | 1,255 | 27,901 | 1,255 | 27,901 |
| Total Revenue | 3,564,565 | 2,452,155 | 3,351,860 | 2,452,155 |

| 3 Schedule of Expenses | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Administration Expenses | | | | |
| Accountancy Fees | 8,648 | 50,829 | 8,648 | 50,829 |
| Advertising, Marketing & PR | 12,785 | 11,469 | 11,613 | 11,469 |
| Audit Fee | 15,588 | 10,500 | 15,588 | 10,500 |
| Computer Expenses | 4,391 | 24,891 | 4,391 | 24,891 |
| Donations & Gifts | 3,047 | 1,285 | 3,047 | 1,285 |
| Fringe Benefit Tax | 1,343 | - | 1,343 | - |
| Legal Fees - Deductible | 24,023 | 24,424 | 18,105 | 24,424 |
| Office Expenses | 12,262 | 5,769 | 12,262 | 5,769 |
| Postage & Courier | 3,810 | 4,408 | 3,810 | 4,408 |
| Printing & Copying Expenses | 8,493 | 8,972 | 8,493 | 8,972 |
| Security Expenses | 11,072 | 12,255 | 11,072 | 12,255 |
| Subscriptions & Licences | 5,908 | 7,133 | 5,908 | 7,133 |
| Telephone & Tolls | 28,257 | 16,412 | 28,257 | 16,412 |
| Telephone - Cellular | 6,297 | 6,245 | 6,297 | 6,245 |
| Travelling Expenses | 63,989 | 2,307 | 1,863 | 2,307 |
| Waste Disposal | 11,903 | 8,491 | 11,903 | 8,491 |
| | 221,816 | 195,390 | 152,600 | 195,390 |



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

| 3 Schedule of Expenses (continued) | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Overhead Expenses | | | | |
| ACC Levies | 6,452 | 4,235 | 6,452 | 4,235 |
| Airconditioning Expense | 39,685 | 34,406 | 39,685 | 34,406 |
| Bad Debts Written Off | (40) | (10,754) | (40) | (10,754) |
| Catering & Entertainment Expenses | 2,816 | 9,796 | 2,816 | 9,796 |
| Cleaning | 87,829 | 96,617 | 87,829 | 96,617 |
| Conferences - Projects | - | 197 | - | 197 |
| Consultants | 53,673 | - | - | - |
| Directors Fees | 233,246 | - | 233,246 | - |
| Events & Networking | 1,383 | 1,479 | 1,383 | 1,479 |
| Facilities Management | 9,352 | 1,301 | 9,352 | 1,301 |
| Gas | 317 | 1,124 | 317 | 1,124 |
| General Expenses | 213 | 338 | 213 | 338 |
| Indoor Plant Hire | 3,665 | 2,345 | 3,665 | 2,345 |
| Insurance | 53,509 | 48,470 | 53,509 | 48,470 |
| Internet Expense | (28,238) | (35,593) | (28,238) | (35,593) |
| Land Lease Expenses | 16,977 | 16,977 | 16,977 | 16,977 |
| Motor Vehicle Lease | 7,092 | - | 7,092 | - |
| Power, Light & Heat | 101,784 | 128,798 | 101,784 | 128,798 |
| Rates | 44,212 | 36,489 | 44,212 | 36,489 |
| Repairs & Maintenance | 69,251 | 65,266 | 69,251 | 65,266 |
| Staff Recruitment | - | - | - | - |
| Staff Training & Welfare | 7,729 | 11,020 | 7,657 | 11,020 |
| Wages | 590,406 | 428,127 | 545,582 | 428,127 |
| Water Expense | 6,728 | - | 6,728 | - |
| | 1,308,042 | 840,638 | 1,209,473 | 840,638 |
| Finance Expenses | | | | |
| Bank Fees & Charges | 65,476 | 8,737 | 65,338 | 8,737 |
| Interest Paid - Bank Overdraft | 5,145 | - | 5,145 | - |
| Interest Paid - Loans | 376,560 | 344,771 | 376,560 | 344,771 |
| | 447,180 | 353,508 | 447,043 | 353,508 |
| Non Cash Expenses | | | | |
| Depreciation | 574,620 | 490,266 | 574,620 | 490,266 |
| Loss on Disposal of Fixed Assets | - | 7,683 | - | 7,683 |
| | 574,620 | 497,949 | 574,620 | 497,949 |
| Total Expenses | 2,551,659 | 1,887,485 | 2,383,736 | 1,887,485 |



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

| 4 Tax Reconciliation | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Net (Deficit) Surplus before Income Tax | (475,730) | (137,288) | (470,782) | (137,288) |
| Permanent Differences | | | | |
| Tax exempt profit (July 2009) | - | (7,639) | - | (7,639) |
| Non-deductible legal fees | 22,383 | 5,237 | 22,383 | 5,237 |
| Deferred Grant Income | (40,000) | (40,000) | (40,000) | (40,000) |
| Total Permanent Differences | (17,617) | (42,402) | (17,617) | (42,402) |
| Timing Differences | | | | |
| Fixed Assets adjustment | - | 28,052 | - | 28,052 |
| Holiday Pay adjustment | 29,600 | 22,987 | 29,600 | 22,987 |
| WIP adjustment | 171,418 | (171,418) | 171,418 | (171,418) |
| Finance Lease adjustment | 530 | (325) | 530 | (325) |
| Total Timing Differences | 201,548 | (120,704) | 201,548 | (120,704) |
| Total Taxable (Loss) Income | (291,800) | (300,394) | (286,851) | (300,394) |

| 5 Share Capital | Group | | Company | |
|---|------------------|----------------|------------------|--------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Ordinary Shares | | | | |
| Opening Balance | 3,000 | 1,000 | 1,000 | 1,000 |
| Plus: | | | | |
| Issue of Shares in Innovation Waikato Limited | 2,400,000 | - | 2,400,000 | - |
| Issue of Shares in Dairy Solutionz (NZ) Limited | - | 1,000 | - | - |
| Issue of Shares in Beef Solutionz (NZ) Limited | - | 1,000 | - | - |
| Closing Balance | 2,403,000 | 3,000 | 2,401,000 | 1,000 |
| Uncalled Shares | | | | |
| Opening Balance | (2,999) | (999) | (999) | (999) |
| Less: | | | | |
| Shares in Dairy Solutionz (NZ) Limited | - | (1,000) | - | - |
| Shares in Beef Solutionz (NZ) Limited | - | (1,000) | - | - |
| Closing Balance | (2,999) | (2,999) | (999) | (999) |
| Total Share Capital | 2,400,001 | 1 | 2,400,001 | 1 |

All shares have equal voting rights and share equally in dividends and surplus on winding up.



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

6 Imputation Credit Account

The balance of the company imputation credit account has remained unchanged. Both the opening and closing balances are NIL.

| 7 Retained Earnings | Group | | Company | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Opening Balance | 5,817,625 | 5,894,034 | 5,817,625 | 5,894,034 |
| Plus: | | | | |
| Net Surplus | - | - | - | - |
| Less: | | | | |
| Net Deficit | (475,730) | (137,288) | (470,782) | (137,288) |
| Prior Period Adjustment | - | 60,880 | - | 60,880 |
| Total Retained Earnings | 5,341,895 | 5,817,625 | 5,346,844 | 5,817,625 |

8 Prior Period Adjustment

| | Group | | Company | |
|-------------------------------------|-------|-----------|---------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Interest Costs | - | 65,869 | - | 65,869 |
| Legal Fees | - | 4,148 | - | 4,148 |
| Accumulated Depreciation Adjustment | - | (130,896) | - | (130,896) |
| | - | (60,880) | - | (60,880) |

| 9 Cash & Bank Balances | Group | | Company | |
|---------------------------------------|------------------|----------------|------------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Cash Balance | | | | |
| Petty Cash Imprest | 23 | 23 | 23 | 23 |
| Bank Account Balances | | | | |
| Westpac Bank | 129,684 | 366,812 | 15,421 | 366,812 |
| BNZ Bank | (620,881) | - | (621,384) | - |
| | (491,197) | 366,812 | (605,962) | 366,812 |
| Total Cash & Bank Balances | (491,174) | 366,835 | (605,939) | 366,835 |



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 10 Property, Plant & Equipment | | | | |
| Plant & Equipment | | | | |
| At Cost | 725,044 | 705,603 | 725,044 | 705,603 |
| Less Accumulated Depreciation | 509,636 | 472,116 | 509,636 | 472,116 |
| Book Value of Plant & Equipment | 215,408 | 233,487 | 215,408 | 233,487 |
| Computer Equipment | | | | |
| At Cost | 286,997 | 280,649 | 286,997 | 280,649 |
| Less Accumulated Depreciation | 260,211 | 237,537 | 260,211 | 237,537 |
| Book Value of Computer Equipment | 26,786 | 43,113 | 26,786 | 43,113 |
| Office Equipment | | | | |
| At Cost | 154,488 | 150,961 | 154,488 | 150,961 |
| Less Accumulated Depreciation | 115,597 | 108,099 | 115,597 | 108,099 |
| Book Value of Office Equipment | 38,891 | 42,862 | 38,891 | 42,862 |
| Total Property, Plant & Equipment | 281,085 | 319,462 | 281,085 | 319,462 |

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 11 Investment Property | | | | |
| Waikato Innovation Park Buildings | | | | |
| At Cost | 18,409,328 | 17,071,503 | 17,262,383 | 17,071,503 |
| Less Accumulated Depreciation | 2,358,353 | 1,852,625 | 2,358,353 | 1,852,625 |
| Book Value of Investment Property | 16,050,975 | 15,218,878 | 14,904,030 | 15,218,878 |

| | Group | | Company | |
|--------------------------|--------------|--------------|--------------|--------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 12 Intangibles | | | | |
| IP Addresses | 4,046 | 4,046 | 4,046 | 4,046 |
| Total Intangibles | 4,046 | 4,046 | 4,046 | 4,046 |

| | Group | | Company | |
|--|----------------|------------------|----------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 13 Payables & Accruals | | | | |
| Accounts Payable | | | | |
| Accounts Payable | 721,994 | 121,910 | 159,465 | 121,910 |
| Other Payables & Accruals | | | | |
| Accruals | 121,654 | 82,515 | 121,654 | 82,515 |
| Current portion of Term Liabilities | | | | |
| Loans Secured (Current Portion) | - | 1,693,626 | - | 1,693,626 |
| Total Payables & Accruals | 843,648 | 1,898,051 | 281,119 | 1,898,051 |



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

| 14 Related Parties | Group | | Company | |
|---|---------------|------------------|----------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Hamilton City Council Advance | - | 2,400,000 | - | 2,400,000 |
| Dairy Solutionz (NZ) Limited | - | - | 2,395 | - |
| Total Payables to Related Parties | - | 2,400,000 | 2,395 | 2,400,000 |
| New Zealand Food Innovation (Waikato) Limited | - | - | 765,747 | - |
| Katolyst Group | 28,802 | - | 28,802 | - |
| Total Receivables from Related Parties | 28,802 | - | 794,550 | - |

Parent Entity:

Innovation Waikato Limited is owned by The Katolyst Group (80.2%) and Hamilton City Council (19.8%).

Transactions:

Bill Gallagher, resigned Director, is a board member of WaikatoLink, a commercialisation and technology transfer company of the University of Waikato, who rents space in the Innovation Park Core Facilities Building. Innovation Waikato is partnering with WaikatoLink on the Walton Dairy Farm Project. Bill is also a director of Gallagher Group Limited. Innovation Waikato is partnering with the Gallagher Group on the Walton Dairy Farm Project. The Gallagher Group is also the supplier of the Cardex access control system for Innovation Park.

The \$2,400,000 loan advanced by Hamilton City Council was converted by Innovation Waikato Limited on 24 August 2010 to committed capital and credited against the interest of Hamilton City Council. Hamilton City Council now owns 247 shares (19.8%) in Innovation Waikato Limited.

Innovation Waikato Limited has advanced funds to New Zealand Food Innovation (Waikato) Limited to cover project development costs.

Dairy Solutionz (NZ) Limited has advanced funds to Innovation Waikato Limited to cover cash flow shortfalls.

| 15 Other Current Liabilities | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Lumley Finance (NZ) Ltd | 19,495 | 17,226 | 19,495 | 17,226 |
| Total Other Current Liabilities | 19,495 | 17,226 | 19,495 | 17,226 |



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 16 Term Loans - Secured | | | | |
| BNZ Advance Loan Account | | | | |
| Total Outstanding | 4,200,000 | - | 4,200,000 | - |
| Less: | | | | |
| Current Portion | - | - | - | - |
| Term Portion | 4,200,000 | - | 4,200,000 | - |
| Security: Mortgage over property at Ruakura Road, Hamilton certificate of title No. 135745. | | | | |
| Interest Rate: 6.43% as at 30 June 2011. | | | | |
| Westpac Secured Loan 91 | | | | |
| Total Outstanding | - | 2,500,000 | - | 2,500,000 |
| Westpac Secured Loan 92 | | | | |
| Total Outstanding | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Security: Standby Letter of Credit with BNZ. | | | | |
| Interest Rate: 6.5% as at 30 June 2011. | | | | |
| Westpac Secured Loan 93 | | | | |
| Total Outstanding | - | 1,693,626 | - | 1,693,626 |
| Less: | | | | |
| Current Portion | - | 1,693,626 | - | 1,693,626 |
| Term Portion | - | - | - | - |
| Total Term Loans - Secured | 6,200,000 | 4,500,000 | 6,200,000 | 4,500,000 |

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 17 Deferred Income | | | | |
| Deferred Income relates to Government Grants provided to develop the TetraPak Building and Spray Dryer Facility. The Deferred Income is written off over the useful life of the assets being 50 years. | | | | |
| Opening Balance | 1,960,000 | 1,184,943 | 1,960,000 | 1,184,943 |
| Grant Received | 170,906 | 815,057 | - | 815,057 |
| Less Deferred Income recognised | 40,000 | 40,000 | 40,000 | 40,000 |
| Total Deferred Income | 2,090,906 | 1,960,000 | 1,920,000 | 1,960,000 |



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

| 18 Commitments | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| The following amounts have been committed to by the company but are not recorded in either the Statement of Financial Position or the Statement of Financial Performance. | | | | |
| Non-cancellable operating lease commitments: | | | | |
| This lease commitment represents the first 25 years of a 4 x 25 year lease entered into in June 2003 for the land at Ruakura Road. | | | | |
| Current | 16,980 | 16,980 | 16,980 | 16,980 |
| Non Current | 270,265 | 287,245 | 270,265 | 287,245 |
| Total Operating Lease Commitments | 287,245 | 304,225 | 287,245 | 304,225 |

Motor vehicle lease commitments:

A 36 month motor vehicle lease has been entered into on 17 November 2010:

| | | | | |
|--|---------------|----------|---------------|----------|
| Current | 10,638 | - | 10,638 | - |
| Non Current | 14,184 | - | 14,184 | - |
| Total Motor Vehicle Lease Commitments | 24,822 | - | 24,822 | - |

Building development commitments:

Proposed capital development has been budgeted for:

| | | | | |
|---|------------------|-------------------|------------------|-------------------|
| Current | 8,360,000 | 3,640,000 | 8,360,000 | 3,640,000 |
| Non Current | - | 8,360,000 | - | 8,360,000 |
| Total Building Development Commitments | 8,360,000 | 12,000,000 | 8,360,000 | 12,000,000 |

19 Restrictions on Sale of Buildings

Innovation Waikato Limited received \$2,000,000 in funding during the 2004 year from central government under a Regional Development Initiative. Under the terms of this grant, Innovation Waikato Limited is prohibited from selling the Core Facilities building without government consent. This restriction is in place for a period of 20 years.

20 Tax Status

From 24 July 2009, Innovation Waikato Limited is a tax paying entity.

21 Contingent Liabilities

Innovation Waikato Limited owns subsidiary companies Dairy Solutionz NZ Limited, Beef Solutionz NZ Limited and New Zealand Food Innovation (Waikato) Limited of which the capital value of \$1,000 in each entity is considered a contingent liability.

Dairy Solutionz NZ Limited has entered in to a Joint Venture with Emirates Investment Group. No capital or cash commitments have been quantified as yet.

22 Subsequent Events

No subsequent events to report.



Innovation Waikato Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011 (continued)

23 Investments

Innovation Waikato Limited own 100 ordinary shares in Tibone Limited being a 10% holding. No consideration was paid for these shares. No return on this investment is expected in the foreseeable future.

Innovation Waikato Limited own 150 ordinary shares in Cardinal Bioscience Limited being a 7.5% holding. No consideration was paid for these shares. No return on this investment is expected in the foreseeable future.

24 Subsidiaries

Details of the company's subsidiaries at 30 June 2011 are as follows:

| Name of Subsidiary | Place of Incorporation and Operation | Principal Activity | Ownership Interests and Voting Rights: | |
|---|--------------------------------------|-----------------------------------|--|------|
| | | | 2011 | 2010 |
| | | | % | % |
| Beef Solutionz (NZ) Limited | New Zealand | Consulting | 100 | 100 |
| Dairy Solutionz (NZ) Limited | New Zealand | Consulting | 100 | 100 |
| New Zealand Food Innovation (Waikato) Limited | New Zealand | Operation of Spray Dryer Facility | 100 | - |

Innovation Waikato Limited is incorporated in New Zealand and is the parent entity of the Group.

The reporting date of Dairy Solutionz (NZ) Limited and Beef Solutionz (NZ) Limited was changed from 31 March to 30 June. Beef Solutionz (NZ) Limited did not trade during the 2011 year.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Innovation Waikato Limited

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Innovation Waikato Limited on pages 4 to 17 and its subsidiaries, which comprise the statement of financial position of Innovation Waikato Limited and the consolidated statement of financial position as at June 30, 2011, and the consolidated statement of financial performance and statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements in accordance with generally accepted practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Innovation Waikato Limited or any of its subsidiaries.

Opinion

In our opinion, the consolidated financial statements on pages 4 to 17:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Innovation Waikato Limited and the group as at June 30, 2011 and its financial performance of the group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by Innovation Waikato Limited as far as appears from our examination of those records.

Our audit was concluded on 13 December 2011 and our opinion is expressed as at that date.



CLELAND HANCOX
Hamilton

**Chairman's Report
Innovation Waikato Limited
For the Year Ended 30 June 2011**

Innovation Waikato Limited (IWL) has two fully tenanted buildings at Waikato Innovation Park which provides a good base for establishing networks mostly in the Ag-bio sector to enable growth in the offshore commercialisation projects. FY2011 saw the completion of our second building which was the main reason for the growth in revenue from FY2010. Funding from the Ministry of Economic Development (MED) has allowed IWL to continue to establish networks offshore to enable the growth in AgBio technology exports. MED also provided funding to establish a pilot spray dryer. Construction has begun on this facility and is planned to be completed by June 2012. Financially FY2011 was a year of growth which is reflected in the increased revenue and increased costs

In FY2012, IWL is continuing to expand the offshore commercialisation projects through subsidiary companies, Dairy Solutionz (NZ) Limited (DSL) and Beef Solutionz (NZ) Limited (BSL). The other main focus is on constructing the pilot spray dryer and securing customers. IWL will also focus on raising additional capital (through Eden AgriCapital) to allow for park expansion and growth in DSL and BSL. Park expansion includes new multi-tenanted buildings with the next building forecasted to be constructed in FY2013. DSL and BSL plan to establish at least three farms offshore by the end of FY2013.



Michael Spaans
Chairman
On behalf of the Innovation Waikato Ltd Board

Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Procurement Report

Author: Scott Copeland

| | |
|---|-----------------------|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Not Applicable</i> |
| Financial overview | <i>Not Applicable</i> |

1. Purpose of the Report

- To provide an overview of Procurement for Hamilton City Council for the period 1st January 2012 to 1st April 2012.

3. Executive Summary

- Procurement Savings identified over a 10 year period are tracking at \$7.1 million.
- All of Government contracts have continued to deliver financial benefits for Council through the collective procurement of passenger and light vehicles.

6. Recommendation/s from Management

- That the report be received.

8. Attachments

- Attachment 1 - Procurement KPI Dashboard
- Attachment 2 - Contracts Awarded By Council Between 1 January 2012 and 1 April 2012
- Attachment 3 - Contracts Currently Being Tendered Or Under Evaluation as at 16 April 2012
- Attachment 4 - Professional Services Panel Instruction For Services Issued By Council Between 1 January 2012 and 1 April 2012
- Attachment 5 - Consultancy Spend For Council By Vendor Financial Year To Date

14. Key issues

- The Procurement KPI Statistics Dashboard is contained in Attachment One.
- The ten year forecast for procurement savings is contained within the Procurement KPI Statistics Dashboard. The ten year forecast for procurement savings is currently \$7.1 million. Savings are calculated from the contract start until the end of contract and are benchmarked against pre contract costs unless there is a reasonable expectation that

these savings will continue post contract expiry. Savings are shown in the financial year they will fall.

- Savings identified in the period since 1st January 2012 include:
Contract 11064 for Collective Procurement of Passenger and Light Commercial Vehicles delivering savings of \$191,000 over 3 years.
- Attachment Two shows all contracts awarded by Council for the period between 1st January 2012 and 1st April 2012.
- Attachment Three shows all contracts currently being tendered or under evaluation as at 16th April 2012.
- Attachment Four shows all Professional Service Panel Instruction for Services issued by Council for the period between 1st January 2012 and 1st April 2012.
- An update on the total spend on the Consultancy Services for the current financial year until 1st April 2012 is \$9.77 million as shown below:

| Area | Total 2011/12 Year To Date | Percentage of Total |
|-----------------------------|----------------------------|---------------------|
| Professional Services Panel | \$4,697,579.82 | 48% |
| Claudlands | \$84,999.24 | 1% |
| SRGS/DPR | \$273,533.46 | 3% |
| Valuation | \$343,702.02 | 4% |
| Legal | \$1,498,560.68 | 15% |
| Recruitment/Temping | \$511,019.83 | 5% |
| Financial/HR | \$829,925.14 | 9% |
| IT | \$619,201.51 | 6% |
| Other | \$915,333.92 | 9% |
| | \$9,773,855.62 | 100% |

- For the purpose of this report a consultant has been defined as a company or individual who provides professional advice.
- The data has been pulled from our Financial system and all vendors with a spend of greater than \$10,000 during the financial year have been classified as either a consultant or not a consultant and then sub categorised as:
 - Professional Services Panel*
 - Legal Services*
 - Claudlands Project*
 - Sub Regional Growth Strategy/District Plan Review*
 - Temping/Recruitment*
 - IT*
 - Valuation*
 - Financial/HR*
 - Other*
- Attachment Five shows all Consultancy Spend for Council by Vendor for the financial year to date.

15. Risks and legal implications

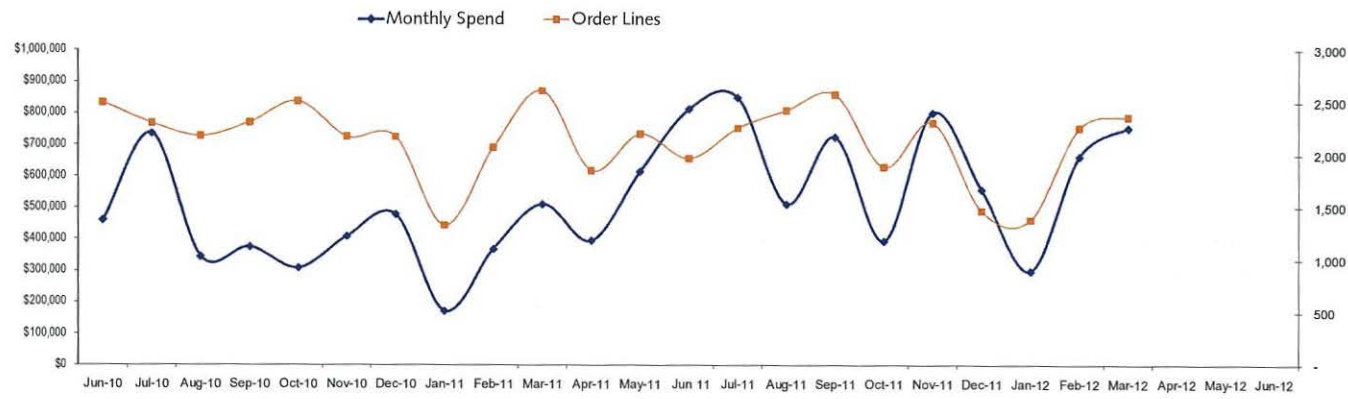
16. Not Applicable

Signatory

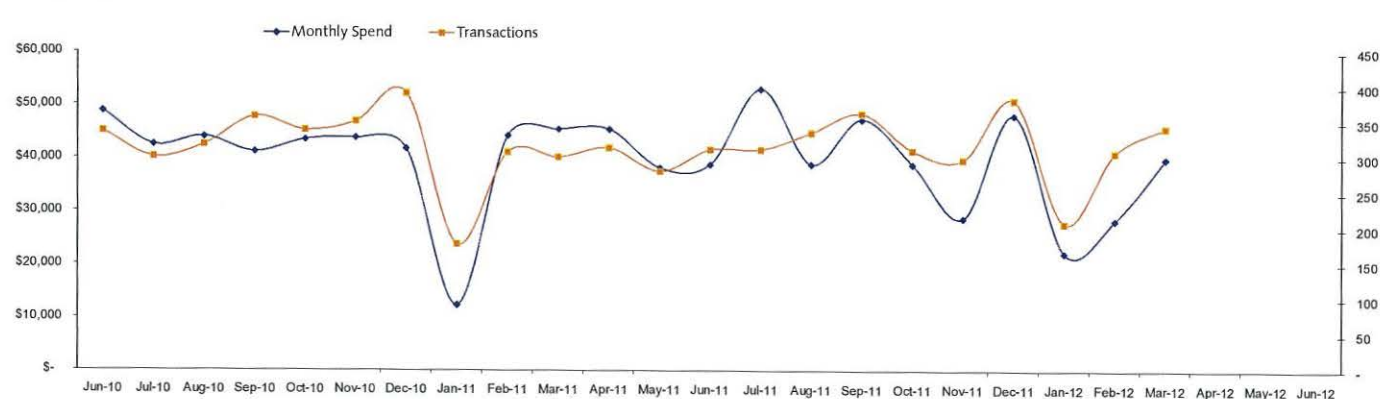
| | |
|------------|--|
| Authoriser | Amanda Harman, Chief Financial Officer |
|------------|--|

PROCUREMENT - KPI Statistics Dashboard

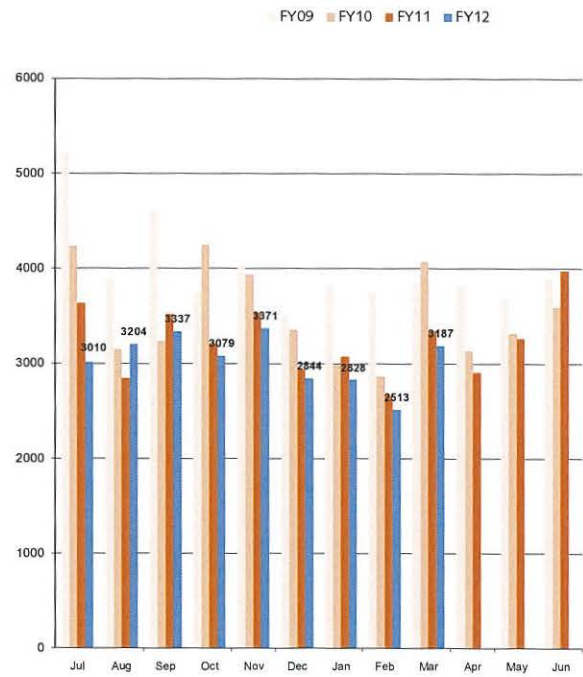
Unimarket Monthly Spend



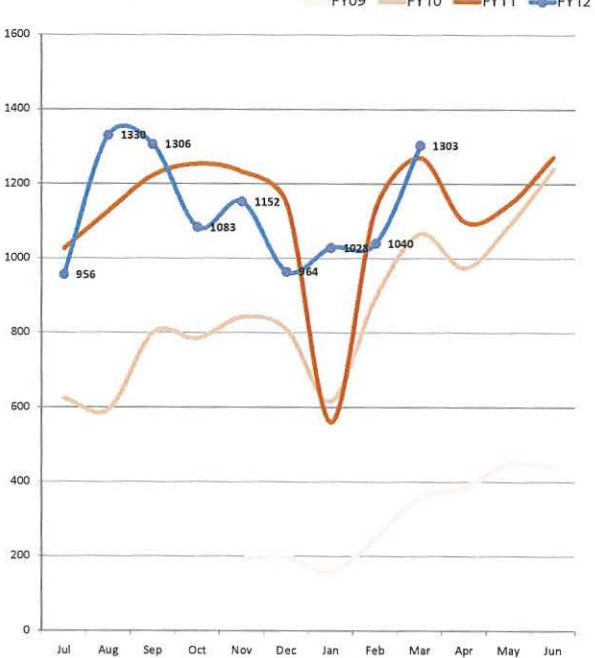
P-Card Monthly Spend



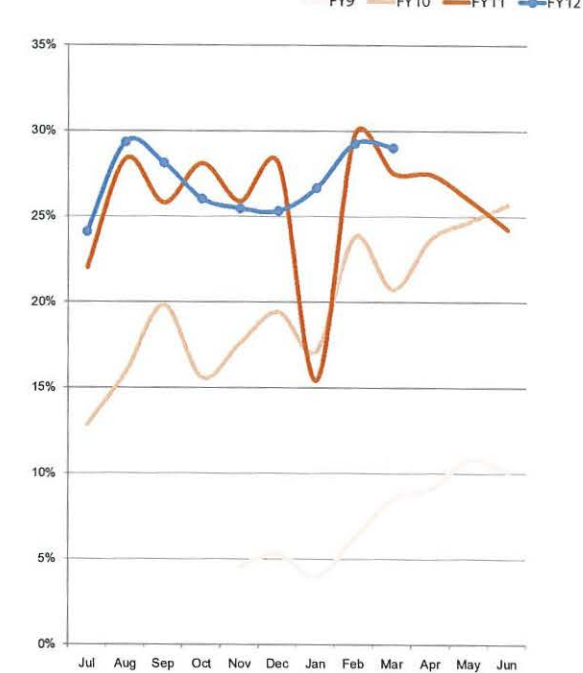
Number of invoices in People Soft



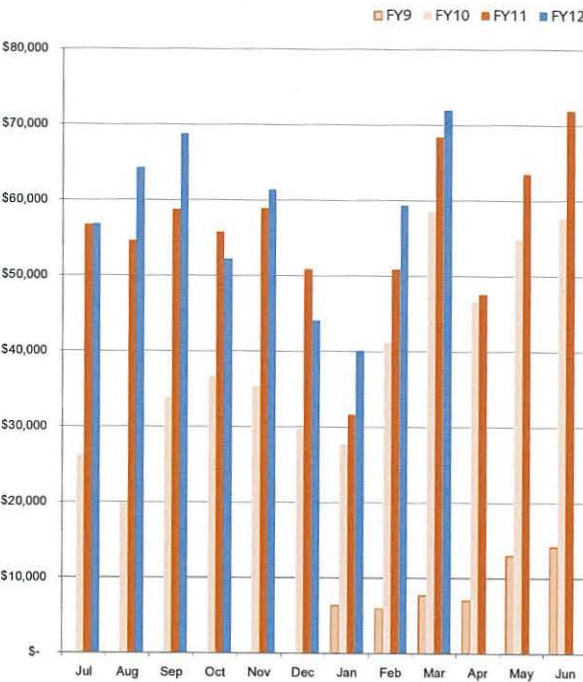
Transactions processed outside People Soft - # UM POs & # P-Card transactions



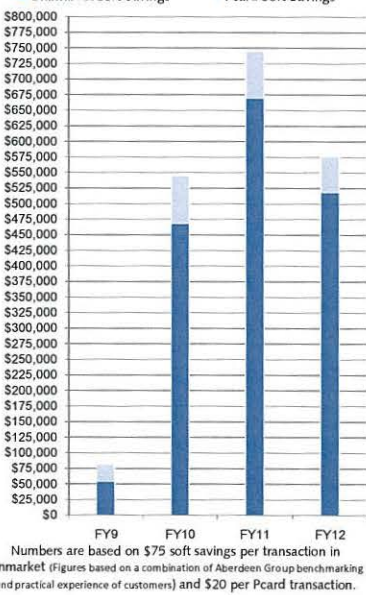
Invoices Processed outside PS



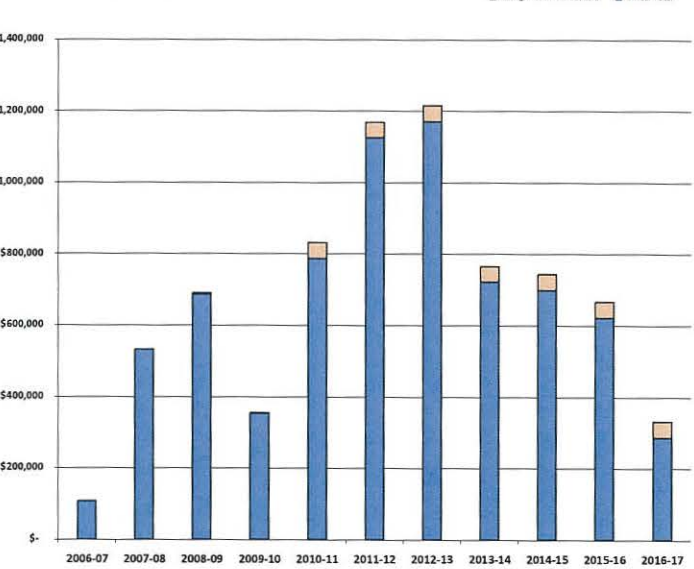
Monthly Soft Savings generated with Unimarket



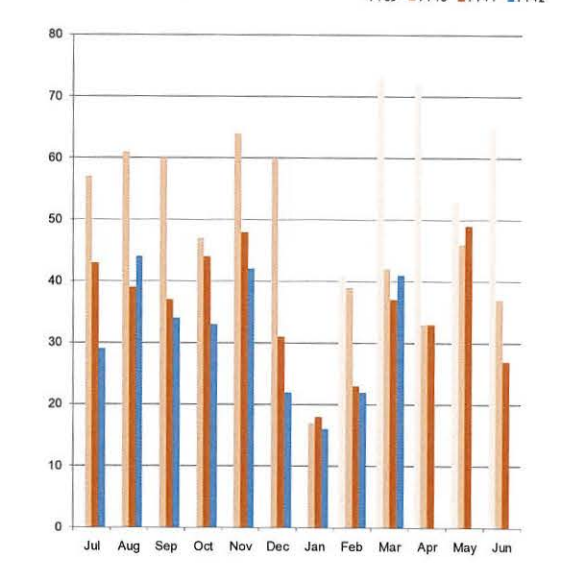
Cummulative Soft Savings



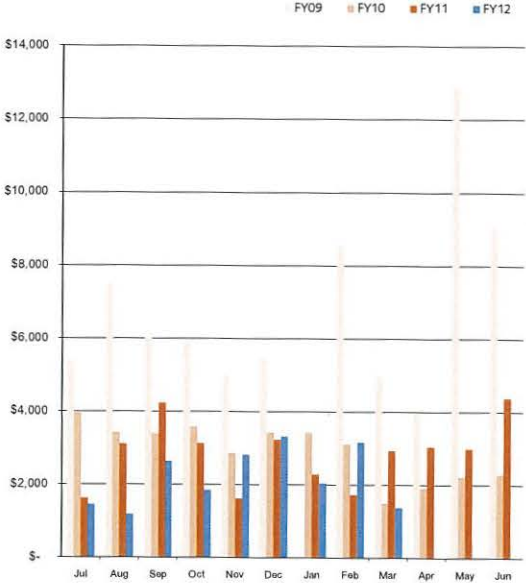
Procurement Savings By Financial Year



New Vendor Requests



Petty Cash transactions



Contracts Awarded Between 1 January 2012 and 31 March 2012

| Contract No. | Contract Description / Name | NZTA Funded | Public or Private | Tender Manager | RFX Method | Supplier Selection Method | Contract Delivery Model | Approved By | Approved Date | Contractor | Current Approved Contract Sum | Approved Contract Start Date | Approved Contract End Date |
|--------------|---|-------------|-------------------|----------------|--------------------|---------------------------|---------------------------|---|---------------|--|-------------------------------|------------------------------|----------------------------|
| 11022 | Facilities Security Systems Maintenance Contract | No | Public | Athol Thompson | RFP | Weighted Attributes | Period Supply | Blair Bowcott - General Manager - Programme and Finance | 10/02/2012 | Concord Security Ltd | \$ 350,000.00 | 1/04/2012 | 31/03/2015 |
| 11029 | ITS Equipment Maintenance | Yes | Public | Shaun Peterson | RFT | Price Quality | Term Maintenance NZS 3910 | Chris Allen - General Manager - City Infrastructure | 27/03/2012 | Traffic Systems Limited | \$ 236,740.00 | | |
| 11038 | Exposed Aggregate Paving at Hamilton lake, Dillicar Walk | No | Private | Greg Leigh | RFQ | Price Quality | Minor Works | Sally Sheedy - Unit Manager (Acting) - Parks and Gardens | 11/11/2011 | Fluler Contracting | \$ 29,564.45 | 11/11/2011 | 30/11/2011 |
| 11041 | Hillcrest Park Car Park Resealing | No | Private | Greg Leigh | RFQ | Price Quality | Minor Works | Sally Sheedy - Unit Manager (Acting) - Parks and Gardens | 12/12/2011 | Hamilton Asphalts | \$ 21,326.25 | | |
| 11044 | Resealing of Hamilton Gardens Rose Garden Car Park | No | Private | Greg Leigh | RFQ | Price Quality | Minor Works | Sally Sheedy - Unit Manager (Acting) - Parks and Gardens | 18/01/2012 | Hamilton Asphalts | \$ 58,530.00 | 23/01/2012 | 31/01/2012 |
| 11051 | Hamilton Lake, Rotoroa Drive, Roadway Resealing | No | Public | Greg Leigh | RFQ | Price Quality | Minor Works | Sally Sheedy - Unit Manager (Acting) - Parks and Gardens | 31/01/2012 | Hamilton Asphalts | \$ 93,873.00 | 1/02/2012 | 29/02/2012 |
| 11052 | Redevelopment of the turf on Gower Park No. 5 & 6 grounds and Kaihikatea Park No. 2 ground. | No | Private | Carl Johnstone | RFT | Price Quality | Minor Works | Sally Sheedy - Unit Manager (Acting) - Parks and Gardens | 13/02/2012 | Green Top Sports Surfaces | \$ 30,000.00 | 27/02/2012 | 26/03/2012 |
| 11053 | Hamilton City Council Children's Garden Construction at Parana Park | No | Public | Gina Hailwood | RFT | Price Quality | Minor Works | Lance Vervoort - General Manager - Community | 10/02/2012 | Fluler Contracting | \$ 346,735.45 | 20/02/2012 | 30/03/2012 |
| 11055 | 2012 Playground Compliance Audit | No | Private | John Mills | Direct Appointment | Direct Appointment | IPENZ Short Form | John Mills - Parks and Gardens | 2/02/2012 | Future Landscapes Ltd | \$ 13,000.00 | | |
| 11056 | Tiger Den Construction | No | Public | Mark de Lisle | RFT | Price Quality | IPENZ Short Form | Sean Murray - General Manager - Events and Economic Development | 5/03/2012 | Mitchell Construction | \$ 214,261.81 | | |
| 11057 | Waikato LASS Insurance Review Professional Services | No | Private | Scott Copeland | Direct Appointment | Direct Appointment | Bespoke | Blair Bowcott - General Manager - Programme and Finance | 12/02/2012 | The Lion Partnership | \$ 48,000.00 | | |
| 11060 | Ferry Bank Slip / Casino | No | Private | Greg Leigh | Direct Appointment | Direct Appointment | Traditional NZS 3910 | Lance Vervoort - General Manager - Community | 20/02/2012 | Schick Construction & Cartage Ltd | \$ 20,000.00 | | |
| 11064 | Collective Procurement of Passenger and Light Commercial Vehicles | No | Private | Ray Pooley | Direct Appointment | Direct Appointment | Bespoke | Barry Harris - Chief Executive | 1/03/2012 | Ministry of Economic Development - MOU | \$ 1,282,372.00 | | 30/06/2013 |
| 11068 | Recruitment of External Audit Committee Members | No | Private | Matthew Walker | Direct Appointment | Direct Appointment | Bespoke | Matthew Walker - Commercial Manager | 12/03/2012 | PWC | \$ 4,000.00 | 2/03/2012 | 30/04/2012 |

Contracts Currently Being Tendered or Under Evaluation as at 16 April 2012

| Contract Status | Contract No. | Contract Description / Name | NZTA Funded ? | Public or Private | RFX Method | Supplier Selection Method | Contract Delivery Model | Estimated Value |
|-----------------|--------------|--|---------------|-------------------|------------|---------------------------|-------------------------|------------------|
| RFX Evaluation | 11040 | Te Awa Path - Stage 2 | No | Public | RFT | Price Quality | Traditional NZS 3910 | \$ 600,000.00 |
| RFX Evaluation | 11050 | Internal Audit Services | No | Public | RFP | Quality | IPENZ Short Form | Unspecified |
| Tender | 11059 | The Base/SH1/Eagle Way Intersection Upgrade | Yes | Public | RFT | Lowest Price Conforming | Traditional NZS 3910 | \$ 4,000,000.00 |
| RFX Evaluation | 11062 | Supply and Installation of Green Surfacing | Yes | Private | RFQ | Lowest Price Conforming | Minor Works | \$ 35,000.00 |
| Tender | 11066 | Zoo Veterinary Services | No | Public | REOI | Weighted Attributes | Period Supply | \$ 800,000.00 |
| Tender | 11069 | Insurance Brokering and Risk Management Service REOI | No | Private | REOI | Weighted Attributes | Bespoke | \$ 12,332,379.00 |
| Tender | 11070 | Hamilton Gardens Cafe Lease | No | Public | REOI | Weighted Attributes | Lease | \$ 600,000.00 |
| Tender | 11071 | Garden Place Retail Kiosk | No | Public | REOI | Quality | Lease | \$ 30,000.00 |
| RFX Evaluation | 11072 | Waterworld Service Access Road Resurfacing | No | Private | RFQ | Price Quality | Minor Works | \$ 75,000.00 |
| Tender | 11076 | Hamilton Gardens Tropical Garden Path & Boardwalk | No | Private | RFQ | Price Quality | Minor Works | \$ 30,000.00 |

PSP's Awarded Between 1 January 2012 and 31 March 2012

| Request Date | Number | Description | NZTA Funded? | Consultancy Company | Group | Unit | IFS Signatory | Date IFS Signed | Current Approved Contract Sum |
|--------------|--------|--|--------------|---|--|----------------------|----------------------|-----------------|-------------------------------|
| 24/06/2011 | 10649 | Preparation Hearings Variation 12 | No | MWH NZ Ltd | City Planning and Environmental Services | City Planning | Robert Hodges | 29/07/2011 | \$ 16,211.37 |
| 29/06/2011 | 10653 | This project seeks to develop a package to travel planning tools to influence shoppers travel behaviour at large retail stores | No | OPUS International Consultants | Works and Services | City Transportation | Phil Consedine | 5/12/2011 | \$ 2,304.00 |
| 11/07/2011 | 10660 | District Plan Review | No | Chow Hill Architects Limited | City Planning and Environmental Services | City Planning | Paula Rolfe | 19/01/2012 | \$ 20,000.00 |
| 19/07/2011 | 10671 | Street Lighting Procurement Contract | No | AECOM | Works and Services | City Transportation | Phil Consedine | 12/10/2011 | \$ 65,000.00 |
| 3/08/2011 | 10677 | Review of Bulkhead Contract Plans | No | AECOM | Community Services | Leisure Facilities | Jason Rogers | 9/02/2012 | \$ 800.00 |
| 5/10/2011 | 10709 | Extension of duration of Victoria on the River consent | No | AECOM | Events and Economic Development | Property Management | Adrian Van der Hulst | 5/10/2011 | \$ 6,741.26 |
| 26/10/2011 | 10720 | Kirikiriroa Stream Rehabilitation | No | AECOM | City Planning / City Environments | City Planning | Tim Harty | 26/10/2011 | \$ 74,000.00 |
| 31/10/2011 | 10722 | Provision of a CMP for Peacock Growth Cell - Stage 1 | No | AECOM | City Infrastructure | City Waters | Tim Harty | 27/01/2012 | \$ 93,800.00 |
| 5/12/2011 | 10735 | Ulster Street Guardrail Design for Replacement 111129 | No | BECA Infrastructure Limited | City Infrastructure | City Transportation | Phil Consedine | 2/12/2011 | \$ 5,000.00 |
| 6/12/2011 | 10736 | Independent assessment of properties adjacent to a section of the Hamilton Ring Road | Yes | Tonkin & Taylor Ltd | City Infrastructure | City Development | Martin Mould | 6/12/2011 | \$ 10,445.00 |
| 8/12/2011 | 10741 | Managing the NOR (Latham Court) process pursuant to the RMA statutory process. | No | Environmental Management Services Ltd (EMS) | City Planning / City Environments | City Planning | Robert Hodges | 16/12/2011 | \$ 7,155.60 |
| 9/12/2011 | 10742 | Hamilton South Bulkmain Condition Assessment | No | AWT NZ Ltd | City Infrastructure | City Waters | Emily Botje | 11/01/2012 | \$ 18,779.00 |
| 9/12/2011 | 10743 | Managing the NOR (Avalon Drive) process pursuant to the RMA statutory process. | No | Environmental Management Services Ltd (EMS) | City Planning / City Environments | City Planning | Robert Hodges | 16/12/2011 | \$ 7,155.60 |
| 13/12/2011 | 10744 | Hamilton Ring Road Upgrade and Extension - Engineers Representative to Contract 10044 | Yes | Gray Matter Ltd | City Infrastructure | City Development | Martin Mould | 13/12/2011 | \$ 50,000.00 |
| 19/12/2011 | 10746 | Travel Time Surveys 2011/12 | Yes | Gabites Porter Consultants | City Infrastructure | City Transportation | Nick Cantlon | 11/01/2012 | \$ 17,000.00 |
| 21/12/2011 | 10747 | Rotokauri Growth Cell Stage One Stormwater Summary | No | BECA Infrastructure Limited | City Infrastructure | City Transportation | Andrew Parsons | 22/12/2011 | \$ 95,420.00 |
| 21/12/2011 | 10748 | Prepare preliminary design and cost estimate for Rotoroa Hamilton Lake Stormwater Improvement Works | No | Bloxham Burnett & Oliver | City Infrastructure | City Waters | Kemble Pudney | 8/02/2012 | \$ 2,000.00 |
| 17/01/2012 | 10749 | Anglesea Car park Safety Audit | No | Gabites Porter Consultants | Performance | Programme Management | Jeff Myles | 20/01/2012 | \$ 900.00 |
| 17/01/2012 | 10750 | Te Rapa Bypass Lightweight Fill Peer Review | No | Tonkin & Taylor Ltd | City Infrastructure | City Development | Tahl Lawrence | 19/01/2012 | \$ 4,500.00 |
| 18/01/2012 | 10751 | Landfill Gas Bore Installation and Monitoring | No | Tonkin & Taylor Ltd | City Infrastructure | City Development | Eeva-Liisa Wright | 19/01/2012 | \$ 15,500.00 |
| 23/01/2012 | 10752 | Supporting Documentation for Rotokauri Reservoir | No | OPUS International Consultants | City Infrastructure | City Development | Martin Mould | 24/01/2012 | \$ 9,700.00 |
| 31/01/2012 | 10755 | Pukete Wastewater Treatment Plant Concrete Structure Inspection | No | OPUS International Consultants | City Infrastructure | City Waters | Sven Erickson | 8/03/2012 | \$ 11,500.00 |
| 31/01/2012 | 10756 | Improvements to the Water network GIS data (Water on GIS Stage 3) | No | MWH NZ Ltd | City Infrastructure | City Waters | Chris Allen | 13/02/2012 | \$ 118,800.00 |
| 8/02/2012 | 10758 | Final Engineering for 10 Parr Street Tree Root Damage | No | AECOM | Community | Parks and Gardens | Pip Watson | 8/02/2012 | \$ 3,100.00 |
| 10/02/2012 | 10759 | Technical Specification for Pipe Rehabilitation | No | AECOM | City Infrastructure | City Waters | Emily Botje | 13/02/2012 | \$ 33,869.00 |
| 14/02/2012 | 10760 | Miscellaneous Professional Services for CTU | No | AECOM | City Infrastructure | City Transportation | Phil Consedine | 14/02/2012 | \$ 60,000.00 |
| 17/02/2012 | 10761 | Draft of Plan Provisions Concerning the Business Zones for the Draft District Plan | No | Environmental Management Services Ltd (EMS) | City Planning / City Environments | City Planning | Robert Hodges | 15/03/2012 | \$ 9,860.00 |
| 17/02/2012 | 10762 | Draft of Plan Provisions Concerning the Industrial Zones for the Draft District Plan | No | Environmental Management Services Ltd (EMS) | City Planning / City Environments | City Planning | Robert Hodges | 15/03/2012 | \$ 8,500.00 |
| 17/02/2012 | 10763 | Stormwater Management for Wastewater Treatment Plant | No | AECOM | City Infrastructure | City Development | Martin Mould | 24/02/2012 | \$ 50,000.00 |
| 17/02/2012 | 10764 | Wairere Drive 4-Laning Planning Advice | Yes | AECOM | City Infrastructure | City Development | Martin Mould | 20/02/2012 | \$ 15,000.00 |
| 22/02/2012 | 10766 | Provide Incidental Design and Architectural Services to Parks & Gardens | No | de Lisle Jenkins Architects Ltd | Community | Parks and Gardens | Greg Leigh | 2/03/2012 | \$ 8,000.00 |
| 23/02/2012 | 10767 | Reviewing the impact of City Growth on stormwater secondary flow and gully systems | No | MWH NZ Ltd | City Infrastructure | City Development | Andrew Parsons | 6/03/2012 | \$ 70,000.00 |
| 27/02/2012 | 10770 | Grip Testing on Mill Street Seal | Yes | OPUS International Consultants | City Infrastructure | City Transportation | Robyn Denton | 12/03/2012 | \$ 500.00 |
| 1/03/2012 | 10771 | Review of Traffic Information for Various Resource Consents | No | Gray Matter Ltd | City Planning / City Environments | Planning Guidance | Debra Stan Barton | 2/03/2012 | \$ 10,000.00 |
| 7/03/2012 | 10772 | Inspection and Condition Assessment of Riverside Walkway Structures for Risk of Failure | No | Tonkin & Taylor Ltd | Community | Parks and Gardens | John Mills | 7/03/2012 | \$ 23,100.00 |
| 12/03/2012 | 10775 | Avalon Drive Improvements Post Construction Safety Audit and Bryce Street Tactiles/Green Surfacing | No | AECOM | City Infrastructure | City Transportation | Phil Consedine | 20/03/2012 | \$ 5,500.00 |
| 12/03/2012 | 10777 | Hamilton City District Plan Review: Peacocke Structure Plan: Review of Planning Provisions | No | Environmental Management Services Ltd (EMS) | City Planning / City Environments | City Planning | Robert Hodges | 21/03/2012 | \$ 3,750.00 |
| 19/03/2012 | 10778 | Ring Road Service Relocation Management | Yes | Gray Matter Ltd | City Infrastructure | City Development | Martin Mould | 27/03/2012 | \$ 14,000.00 |
| 23/03/2012 | 10783 | Hamilton City District Plan Review: Business Centres Hierarchy and related matters for RPS hearing | No | Environmental Management Services Ltd (EMS) | City Planning / City Environments | City Planning | Robert Hodges | 28/03/2012 | \$ 13,260.00 |

Consultancy Spend For Council By Vendor For Year To Date

| PSP | | | |
|------------|--|------------------------|------|
| Vendor | Name | Sum Amount | Area |
| 0000006316 | AECOM | \$ 1,518,564.38 | PSP |
| 0000022629 | BECA INFRASTRUCTURE LTD | \$ 1,395,235.94 | PSP |
| 0000011429 | MWH NEW ZEALAND LTD | \$ 609,828.95 | PSP |
| 0000005056 | TONKIN & TAYLOR LTD | \$ 256,314.49 | PSP |
| 0000006315 | OPUS INTERNATIONAL CONSULTANTS LTD | \$ 307,480.02 | PSP |
| 0000001260 | ENVIRONMENTAL MANAGEMENT SERVICES LTD | \$ 189,317.46 | PSP |
| 0000011226 | GABITES PORTER | \$ 98,831.25 | PSP |
| 0000006420 | BLOXAM BURNETT & OLLIVER LTD | \$ 88,493.36 | PSP |
| 0000011926 | DE LISLE JENKINS ARCHITECTS LTD | \$ 65,739.89 | PSP |
| 0000031780 | EMCON NEW ZEALAND LIMITED | \$ 38,815.43 | PSP |
| 0000031768 | RESET URBAN DESIGN LTD | \$ 35,880.00 | PSP |
| 0000002442 | CHOW:HILL ARCHITECTS LTD | \$ 29,072.00 | PSP |
| 0000033826 | ALIGN SURVEYORS AND LANDFORM SURVEYS LTD | \$ 18,850.00 | PSP |
| 0000018314 | AWT WATER LTD | \$ 15,920.03 | PSP |
| 0000031781 | ERGO CONSULTING LTD | \$ 12,300.99 | PSP |
| 0000006425 | KINGSTON PARTNERS LTD | \$ 15,715.00 | PSP |
| 0000006815 | HARRISON GRIERSON CONSULTANTS LTD | \$ 1,220.63 | PSP |
| | | \$ 4,697,579.82 | |

| Claudelands | | | |
|-------------|------------------------------|---------------------|-------------|
| Vendor | Name | Sum Amount | Area |
| 0000026058 | N-COMPASS LTD | \$ 31,950.00 | Claudelands |
| 0000016121 | MARSHALL DAY ACOUSTICS LTD | \$ 17,021.90 | Claudelands |
| 0000025189 | HOLMES CONSULTING GROUP LTD | \$ 22,581.00 | Claudelands |
| 0000028420 | ECUBED BUILDING WORKSHOP LTD | \$ 7,313.00 | Claudelands |
| 0000026059 | KLU'DUP LIMITED | \$ 6,133.34 | Claudelands |
| | | \$ 84,999.24 | |

| SRGS/DPR | | | |
|------------|----------------------------------|----------------------|----------------------|
| Vendor | Name | Sum Amount | Area |
| 0000027785 | KEN TREMAINE CONSULTING LTD | \$ 175,830.96 | SRGS/DPR/FutureProof |
| 0000029060 | WASLEY KNELL CONSULTANTS LIMITED | \$ 53,487.37 | SRGS/DPR/FutureProof |
| 0000030253 | MAXIMIZE CONSULTANCY LTD | \$ 25,141.53 | SRGS/DPR/FutureProof |
| 0000032548 | PROPERTY ECONOMICS | \$ 10,973.60 | SRGS/DPR/FutureProof |
| 0000029345 | LATITUDE PLANNING SERVICES LTD | \$ 8,100.00 | SRGS/DPR/FutureProof |
| | | \$ 273,533.46 | |

| Valuation | | | |
|------------|----------------------------|----------------------|--------------------|
| Vendor | Name | Sum Amount | Area |
| 0000011569 | QUOTABLE VALUE NZ LTD | \$ 286,173.72 | Rates Valuation |
| 0000013940 | TELFER YOUNG (WAIKATO) LTD | \$ 30,870.00 | Property Valuation |
| 0000005442 | CURNOW TIZARD LTD | \$ 11,705.96 | Property Valuation |
| 0000006244 | QUOTABLE VALUE NZ LTD | \$ 14,952.34 | Valuation |
| | | \$ 343,702.02 | |

| Legal | | | |
|------------|----------------------|------------------------|--|
| Vendor | Name | Sum Amount | Area |
| 0000006206 | TOMPKINS WAKE & CO | \$1,210,477.00 | Legal |
| 0000005822 | NORRIS WARD MCKINNON | \$ 202,322.00 | Legal (HUFN direct costs on charged to HUFN) |
| 0000002138 | SIMPSON GRIERSON | \$ 45,068.90 | Legal -Rating |
| 0000029083 | PHIL LANG LL.B | \$ 40,692.78 | Legal |
| | | \$ 1,498,560.68 | |

| Recruitment/Temp | | | |
|------------------|--------------------------------|----------------------|------------------------------|
| Vendor | Name | Sum Amount | Area |
| 0000005214 | ADECCO PERSONNEL LTD | \$ 184,258.54 | Temp Agency (Mostly Duke St) |
| 0000033454 | SHEFFIELD NORTH ISLAND LIMITED | \$ 136,617.03 | Recruitment |
| 0000031615 | DRAKE NEW ZEALAND | \$ 144,796.46 | Temp Agency |
| 0000004645 | IS YOUNG RECRUITMENT LTD | \$ 27,313.23 | Recruitment |
| 0000030133 | MADISON RECRUITMENT | \$ 18,034.57 | Recruitment |
| | | \$ 511,019.83 | |

| Financial/HR | | | |
|--------------|-----------------------------------|----------------------|--|
| Vendor | Name | Sum Amount | Area |
| 0000006496 | AUDIT NEW ZEALAND | \$ 351,164.05 | Finance and IT |
| 0000006679 | DELOITTE | \$ 141,442.00 | Financial and Risk |
| 0000034219 | S H HALLIWELL T/A WORKING SMARTER | \$ 90,391.37 | Financial (LTP) |
| 0000012929 | PRICEWATERHOUSECOOPERS | \$ 97,565.00 | Financial/HR |
| 0000009448 | SPEER & SPEER ASSOCIATES LTD | \$ 39,589.00 | Financial |
| 0000022291 | ETOS LTD | \$ 51,592.59 | Financial (Treasury) |
| 0000021366 | CRANLEIGH STRATEGIC LTD | \$ 26,182.00 | Financial (Airport review 50% recharged to shareholders) |
| 0000015580 | ASIA-PACIFIC RISK MANAGEMENT LTD | \$ 29,613.02 | Financial (Treasury) |
| 0000003800 | KPMG | \$ 2,386.11 | Financial |
| | | \$ 829,925.14 | |

| IT | | | |
|------------|--------------------------|----------------------|------------------------------------|
| Vendor | Name | Sum Amount | Area |
| 0000033872 | LEAP THOUGHT NZ LTD | \$ 328,355.41 | IT-Project Phoenix Web Development |
| 0000033196 | NINETWENTY CAREER GROUP | \$ 81,248.00 | IT -Project Phoenix EDRMS |
| 0000033693 | CLEARPOINT | \$ 44,412.50 | IT-Architecture Strategy review |
| 0000032789 | BUCZMA IT SERVICES LTD | \$ 92,438.00 | IT |
| 0000030273 | CENTAMAN NEW ZEALAND LTD | \$ 26,638.85 | IT |
| 0000010549 | DIGITAL STREAM LTD | \$ 33,608.75 | IT |
| 0000033056 | PERFICIO CONSULTANTS LTD | \$ 12,500.00 | IT |
| | | \$ 619,201.51 | |

| Other Vendor | Name | Sum Amount | Area |
|--------------|--|----------------------|--|
| 0000021999 | TRAFFIC DESIGN GROUP LTD | \$ 105,902.89 | Engineering (Traffic Design) |
| 0000001805 | NGA MANA TOOPU O KIRIKIROA | \$ 84,999.64 | Partnership with Maori |
| 0000033920 | ABLEY TRANSPORTATION CONSULTANTS LIMITED | \$ 61,054.23 | Engineering |
| 0000034293 | BCD GROUP | \$ 57,480.00 | Engineering |
| 0000034064 | MORPH EVENT MANAGEMENT LTD | \$ 42,000.00 | Event Management (River Festival) |
| 0000012297 | KING ST ADVERTISING LTD | \$ 50,715.00 | Advertising (City News) |
| 0000034048 | GAYE BAINBRIDGE | \$ 60,197.50 | Trade Waste |
| 0000017795 | INTERNATIONAL RESEARCH CONSULTANTS LTD | \$ 44,177.69 | Research(Annual Residents Survey) |
| 0000005614 | VERDICT COMMUNICATIONS LIMITED | \$ 61,283.20 | Advertising |
| 0000025225 | NAMTOK CONSULTANCY LIMITED | \$ 26,043.48 | Partnership with Maori |
| 0000019618 | MORRISON LOW & ASSOCIATES LTD | \$ 19,000.00 | Waste Assessment |
| 0000030177 | A R WATSON ASSOCIATES LTD | \$ 28,921.66 | Resource Management |
| 0000030088 | ALEXANDER & CO LTD | \$ 22,631.47 | Building Surveyors |
| 0000029898 | BRANDISH ADVERTISING WORKS | \$ 18,139.26 | Advertising |
| 0000032727 | JRA | \$ 16,113.00 | Research(Human Research Survey) |
| 0000032870 | MARTIN LYNCH CONSULTING LIMITED | \$ 18,506.83 | Energy |
| 0000011338 | BLUE WALLACE SURVEYORS LTD | \$ 19,086.09 | Engineering (Survey) |
| 0000022952 | URBAN TRAFFIC DESIGN LTD | \$ 23,106.25 | Engineering (Traffic Design) |
| 0000034110 | MOBIUS RESEARCH AND STRATEGY LTD | \$ 11,640.00 | Research (Rating Review) |
| 0000034309 | KATE ALISON ART CONSULTANTS | \$ 10,000.00 | Art |
| 0000030590 | CAMPBELL CONSULTING | \$ 6,289.50 | River |
| 0000029989 | REACHMEDIA NZ LTD | \$ 9,637.52 | Advertising |
| 0000031619 | ROB GARRETT CONTEMPORARY FINE ART LTD | \$ 7,974.50 | Art |
| 0000034247 | MATTHEWS AND MATTHEWS ARCHITECTS LTC | \$ 53,866.00 | Architecture |
| 0000032998 | PROSPECT CONSULTING LTD, BANG THE TABLE | \$ 30,000.00 | Research (LTP) |
| 0000021802 | FRAME GROUP LTD | \$ 24,611.83 | Engineering |
| 0000007354 | INDEPENDENT ELECTION SERVICES LTD | \$ 1,956.38 | Independent Election Professional services |
| | | \$ 915,333.92 | |

Committee: Finance and Monitoring
Committee

Date: 03 May 2012

Report Name: Contract 11069 Insurance
Broking and Risk Management

Author: Scott Copeland

Recommendation

That the report be received.

1. Attachments

2. There are no attachments for this report.
3. Contract 11069 for Insurance Brokering and Risk Management Services is a collective procurement process being undertaken by Hamilton City Council on behalf of a group of Waikato Councils made up of Hamilton City Council, Waikato Regional Council, Hauraki District Council, Waipa District Council, Waitomo District Council, South Waikato District Council, Waikato District Council, Otorohanga District Council, Matamata Piako District Council and Thames Coromandel District Council.
4. The purpose of the process is to leverage the region's collective insurance requirements to deliver economies of scale through reducing brokerage costs and reducing exposure to market increases in premium costs while also insuring adequate coverage of risk.
5. The outcome will be to appoint a broker who will undertake the renewal of insurance premiums for Councils.
6. Although Hamilton City Council is on an 1st October renewal for its insurance premiums other Councils in the collective are on a 1st July renewal premiums. This means that to get all renewals completed and allow the appointed broker to arrange the necessary cover for Councils with July renewals, an appointment needs to be finalised prior to the middle of May.
7. This procurement process is unlikely to result in a finalised a recommendation on the preferred respondent before Friday 27th April 2012. To enable those Councils that are on a 1st July renewal to complete their insurance renewals on time, a collective decision on the preferred broker needs to be made prior to mid May 2012. This means that the report required to award this Contract to the Committee for the appointment of this contract will need to be considered at this committee meeting, but the report will not be ready by the time the agenda is distributed. The report will be distributed as a late item by 1 May 2012.

Signatory

| | |
|------------|--|
| Authoriser | Blair Bowcott, General Manager Performance Group |
|------------|--|

Committee: Finance and Monitoring Committee

Date: 03 May 2012

Report Name: Rototuna West - Update on Land Purchase negotiations for sports park and associated transport connectivity corridors.

Author: Adrian Van Der Hulst

| | |
|---|--|
| Report Status | <i>Open</i> |
| Strategy, Policy or Plan context | <i>Environmental Sustainability, Access Hamilton, Future Proof, Active Communities, Social Wellbeing, Vista and Hamilton Urban Growth Strategy</i> |
| Financial overview | <i>Funds are available from a combination of sources being Development Contribution loans, Reserves Contribution reserves, and \$2M allocation in year one of draft 10 year LTP.</i> |

1. Purpose of the Report

- To update Council on progress in the negotiations with the Litt Family Trust (LFT) for the purchase of land at Rototuna West for an active recreational sports park and associated transport corridors and to seek approval to enter into a Heads of Agreement (the Agreement).

3. Executive Summary

- Council has planned growth in the Rototuna area and part of that growth includes the provision of a major sports park/open space which is Councils responsibility to provide.
- Council has required LFT through appropriate consent conditions to sell the land required for this Park to it as part of the 2009 resource consent process to develop the land. The conditions say that the land will be sold at market valuation in two stages as anticipated by LFT development programme at that time.
- The conditions also required LFT to secure other third party land required for the park and they have had difficulty satisfying this requirement which has led to delays. The condition is now satisfied and LFT wishes to proceed as quickly as possible with the land purchase and their development.
- Legal advice has confirmed a binding commitment for council to the purchase and also to have the market price escalated to account for the period of time from the date of granting of the resource consent in accordance with provisions in the District Plan notwithstanding which party caused the delay.

8. As part of the resource consent process Council negotiated with LFT to relocate the park from its original position in the 1999 Structure Plan and also to reconfigure the park and the surrounding transport network to take account of much improved thinking about urban design and Crime Prevention Through Environmental Design (CPTED) principles.
9. This revised layout was the basis for the LFT development and associated negotiations and it has now been incorporated into a revised structure plan for Rototuna that Council approved in April 2012.
10. As part of these negotiations Council agreed to pay half the cost of the new park perimeter roads (land and construction) in order to achieve its desired outcomes and this commitment was built into the financial provisions made at that time for the purchase of the park land. Legal advice has also confirmed a binding commitment for council to this arrangement.
11. This report deals with the total park land purchase of 8.4459ha and a further 0.5ha for the Meadowfield Street extension, as well as the estimated construction cost of this park perimeter road which is \$350,000.
12. Tompkins Wake acting on behalf of Council has prepared a draft Agreement in consultation with the LFT for Councils consideration. The draft sets out the agreed valuation methodology to be followed in determining the level of compensation to be paid for the purchase of the individual land parcels from the Trust, and sets out a process for delivering Councils commitment to the construction of Meadowfield Street. It is intended that the Agreement is to be followed by formal sale and purchase Agreements for the individual land parcels once the purchase price has been agreed.
13. Construction of Borman Road which is a minor arterial is Councils responsibility and it has entered into a partnership arrangement with the neighbouring developer (Glaisdale Properties Ltd) to build it to the eastern edge of the LFT lands by June 2014. There is an opportunity to also work with LFT on the same basis to extend Borman Road further east and north, particularly to connect with Meadowfield Street. This would require LFT to offer to advance fund any construction as Council has no provision set aside in its 10 year Plan until after Year 5 when the contingency for growth opportunity funding applies.
14. In order to understand this opportunity better, the valuation of the Borman Road corridor will be part of the valuation process as noted by the Agreement, although acquisition and construction of the corridor in full or in part will depend on available funding and will require a subsequent Council approval.

15. Recommendations from Management

16. That the report be received.
17. That Council approve the draft Agreement (Attachment 4) with LFT, noting that Council record:-
 - a) the agreed valuation methodology to be followed in determining the level of compensation to be paid to LFT for the purchase of the package of land parcels required for the Rototuna West sports park and associated transport connectivity corridors;
 - b) Council's commitment to the provision of transport corridors bounding the park to the west and north in order to achieve the urban design objectives contained in the City Strategies and Access Hamilton ;
 - c) that once the level of compensation to be paid has been determined, the Agreement will be followed and superseded by formal Agreements for Sale and Purchase of the

- individual land parcels;
- d) Council's desire to begin negotiations with LFT for the acquisition of the Borman Road corridor in full or in part with the timing still to be agreed;
- e) The possibility of negotiating an advance funding agreement offer with LFT to construct Borman Road (and /or supply the land prior to acquisition) across the northern frontage of the park.

18. Attachments

- 19. Attachment 1 - Overview map of the Rototuna West locality
- 20. Attachment 2 - Original sports park plan
- 21. Attachment 3 - Revised sports park plan
- 22. Attachment 4 - Draft Heads of Agreement

23. Key Issues

24. Background

- 25. Council received a report on this issue at its meeting of 16 December 2011 and asked for more clarity over the legal obligations of Council. Tompkins Wake has since reconfirmed its advice and will be available at the meeting for Council to receive this advice in a public excluded session. Also at that meeting more clarity was also sought over the benefits to Council in proceeding with the agreed transport works.
- 26. Since this meeting more work has been carried out in relation to the Draft Agreement, particularly looking at the transport connectivity issues.
- 27. The 1999 Rototuna Structure Plan, which formed part of the District Plan, identifies active recreational sports park largely on land owned by LFT. The original sports park layout that was envisaged by Council in a period when good urban design was less to the fore is shown in Attachment 2.
- 28. Following approval of the Structure Plan, LFT lodged an application to develop their land. As part of the consent pre-application process, the draft subdivision plan went before the Urban Design Advisory Panel. The Panel expressed concern that the initial plan for the sports park failed to meet the objectives of VISTA and the City's strategies which had been developed since the structure plan, and did not also include good principles of Crime Prevention through Environmental Design (CPTED).
- 29. Discussions between Council staff and LFT including facilitated workshops that included representation from the Urban Design Panel (and other land owners) over recent years relating to in the main achieving a better urban design outcome have led to agreement on the actual location of the Rototuna West sports park and associated transport corridors within the LFT development.
- 30. The agreed layout vastly improves accessibility for the public and provides greater passive surveillance for the creation of a safer community environment. It includes transport corridors that bound the entire park and give greater connectivity with the surrounding transport network. The new agreed layout is shown in Attachment 1 and 3.
- 31. LFT was granted subdivision resource consent on 26 June 2009 for a 431 lot Subdivision. The revised Rototuna Structure Plan that reflected the LFT arrangements was notified November 2010 and approved by Council on 11 April 2012.

Previous Agreements and Consents

32. LFT agreed through these discussions to work with Council to rearrange their development to achieve the better urban design outcome on the basis that Council would contribute to the increased costs of the roading network. It was agreed that Council would meet 50% of the costs of providing these perimeter corridors.
33. Council correspondence to the landowner in 2009 confirmed the proposed arrangement and gave a binding commitment for Council to contribute a 50% share of the cost of the land for the transport corridor bounding the park to the west, and 50% of the cost of constructing the road. Tompkins Wake has reviewed the relevant documents and advised that in their opinion a written contract between the parties exists.
34. A requirement exists within the consent for the consent holder to vest a total area of not less than 8.4559ha for the sports park, clause 19(a) of the consent states the following:-

“The Recreation Reserve to vest will be valued by Council at the current market land value of the Recreation Reserve as at the time of this scheme plan approval, taking into account the conditions of consent”.

35. The resource consent granted to LFT on 26 June 2009 was based on the revised layout (Attachment 4) and includes the following clauses 19 (d) and 19 (e) which records the contractual obligation for Council to purchase a total of 8.4559 ha of land in 2 stages;
 - *“That Section 1 and Area B [approximately 5ha] as shown on scheme plan 05/069 revision V3 prepared by Blue Wallace Surveyors 4 June 2009 vest with Council during the 2009/10 financial year beginning 1 July 2009 end date being 30 June 2010, or at such time in accordance with an agreement with Hamilton City Council.”*
 - *“That Section 2 and Area A [approximately 3ha] as shown on scheme plan 05/069 revision V3 prepared by Blue Wallace Surveyors 4 June 2009 vest with Council during the 2012/13 financial year beginning 1 July 2012 and end date being 20 June 2013.*

36. Sports Park Land Purchase Delays

37. In order to simplify the purchase arrangements for the sports park land so that Council was dealing with one property owner only, LFT agreed prior to the granting of subdivision consent, to acquire Area's A and Area B shown on Attachment 4 from adjoining property owner Glaisdale Property Partnership Limited.
38. The first stage purchase did not take place as intended as it took until July 2011 to satisfy a consent condition relating to the third party land. Now that this is resolved LFT has advised that it wishes to proceed with Councils purchase of the land and its development as quickly as possible and it is anticipated that both stages will settle in the 2012/13 year subject to the outcome of this report.
39. Tompkins Wake has confirmed that because settlement has been delayed, Rule 6.4.1(c) of the District Plan obliges Council to compensate the consent holder for an increase in the value of the land at the rate of the Consumer Price Index on the anniversary of granting of consent. Rule 6.4.1(c) makes no distinction as to the party causing the delay, only that the rule will operate when there is a delay.

40. Transport Corridor Arrangements

41. Council has previously undertaken to meet 50% of the cost of perimeter roads to the sports park. The specific transport corridor covered by this report and recommended Agreement is the extension of Meadowfield Street. Further and recent negotiations have concluded that while the costs of constructing the road carriageway, lighting, drainage and parking will be

shared, LFT will be responsible for the costs of developing the berm on its side (footpath and integrating private accessways) and Council for the berm on the sports Park site (grass berm).

42. Meadowfield Street is to be constructed in two stages in accordance with the consent holders revised staging plan. The first stage from Hare Puke Drive is to be constructed immediately, with the second stage to Borman Road in two to four years time depending on market demand, but must be constructed by the time Borman Road is extended across the northern frontage of the park.
43. The land area required for the transport corridor is approximately 0.5ha with the value yet to be determined by valuation as required by clause 19(a) of the consent, and payment will be required on vesting of each individual land parcel.
44. The total cost of constructing Meadowfield Street has been estimated at \$350,000, and is subject to evidence of actual costs at the time of construction. The estimate includes provisions for network improvements and associated fees and charges.
45. The configuration of the Meadowfield Street transport corridor has been agreed (Attachment 3). The elements of the design recognise the relevant urban design principles and have created a safe environment for all modes of transport as well as satisfying the needs of the adjacent residential development.
- 46. Draft Agreement**
47. A draft Agreement has been prepared for Councils consideration. The Agreement sets out the agreed valuation methodology to be followed in determining the level of compensation to be paid for the purchase of the land package from the LFT, and also sets out the arrangements for the cost sharing of the transport corridor (Meadowfield Street).
48. The Agreement will be followed and superseded by formal Sale and Purchase Agreements for the individual land parcels once the purchase price has been determined.

49. Staging and Connectivity

50. The consent holder is required under clause 20(g) of the consent to provide approved vehicle access to the subdivision before 224c will be granted. This condition will be satisfied by the completion of the link section of Cumberland Drive through the nearby CDL subdivision which is currently under construction and expected to be completed by May 2012 in time for the issue of 224c for the first stage of 48 lots.
51. LFT has applied for a change of consent around the staging of the development and staff have taken this opportunity in the planning process to introduce a new condition that limits the access to Cumberland Drive to 148 lots. Once this limit has been reached the consent holder, (LFT), will be required to seek alternative road access to the development.
52. Borman Road is a designated transport corridor that is to be acquired and constructed by Council to a minor arterial road standard. Council has an agreement with the Glaisdale Property Partnership Limited to complete the construction of Borman Road over its land by June 2014 which will bring it to the eastern limit of the LFT land holdings. At present Council has not committed any funding through the Long Term Plan process to extend this arterial any further.

53. Staff are of the opinion that to optimise transport connectivity in the Rototuna growth area, to stimulate further growth and to fully leverage the investment by Council in Meadowfield Street, it would be highly desirable to extend Borman Road across the northern frontage of the park, at least.

54. LFT has informally offered to advance fund the construction of Borman Road from the LFT/Glaisdale Property Partnership Limited boundary over the northern frontage of the park, provided a satisfactory reimbursement date can be negotiated with Council. This appears to be a good opportunity for Council and staff will report further on this as a proposal develops. The Agreement which is the subject of this report does not commit Council to this Borman Road issue.

55. Strategic Alignment

56. The consent granted to LFT provides for planned residential growth in the City's primary growth cell and makes use of Council's previous and substantial investment in infrastructure. The developer contributions associated with this growth are significant and are required to reimburse Council's up front infrastructure investment
57. The subdivision consent granted to LFT, as an aligned component of the Rototuna Structure Plan, has been considered with a high level of regard to Council's Strategic Framework that was in place at the time – in particular Hamilton Urban Growth Strategy, design guide VISTA, Social Well-being Strategy, Future Proof, Access Hamilton, Active Communities and Environmental Sustainability.

58. Legislative requirements or legal issues

59. Council is required to comply with the provisions of the Resource Management Act which it is responsible for administering. The layout and design of the sports park will be subject to public consultation as required by the Reserves Act.
60. Council has legal obligations as outlined in this report arising out of consent conditions and negotiations to rearrange the LFT proposals to achieve a better urban design outcome for the City.
61. The Agreement is intended to manage any legal risk that exists for Council.

62. Environmental sustainability

63. The Rototuna West sports park is a necessary part of creating quality living environments in the City's primary growth cell. It will cater for the recreational needs of a growing local community, and is located and configured to ensure this is achieved as efficiently and effectively as possible.

64. Consultation

65. Consultation has been carried out under the provisions of the Resource Management Act, through the process of notification of the Rototuna Structure Plan. Public consultation on the details of the sports park layout and design as required by the Reserves Act will take place at the appropriate time.

66. Treaty requirements/implications

67. There are no known treaty implications.

68. Options

69. Through the 1999 Rototuna Structure Plan notification process, Council has indicated a commitment to provide an open space recreational area in Rototuna West. Council has given effect to that intent by entering into a binding purchase obligation with LFT when it granted subdivision resource consent to the Trust on 26 June 2009.
70. The consent of June 2009 records a contractual obligation for Council to purchase a total of 8.4559ha of land in two stages from LFT, the first in the 2009/10 financial year and the second in the 2012/13 financial year.
71. The revised Rototuna Structure Plan as notified November 2010, and approved by Council on 11 April 2012, reflects the approved consent in terms of location and configuration of the perimeter transport corridors and the future sports park.
72. The land purchase provisions contained in the approved subdivision resource consent, which have been confirmed in correspondence and discussion with the LFT, mean that Council is obligated to complete the agreements indicated above. Effectively Council has no option but to proceed as indicated in this report.

73. Financial and Resourcing Implications

74. Current estimates of the total cost of purchasing the 9.0ha land package and the estimated \$350,000 road construction cost contribution are within the range of \$6M - \$8M. The actual purchase value will be determined by independent valuation. It is anticipated that settlement of the entire sports park land purchase (Stages 1 and 2) and the associated Meadowfield Street transport corridor will need to occur in the 2012/13 year.
75. Developer Contributions revenue of some \$1.8M will result from issue of Council's 224c certificate to the first stage of 48 sections currently under construction by LFT, and total revenue in excess of \$16M will be generated from the completion of the entire 431 lots, noting that the sports park has much wider benefit outside the bounds of LFT lands and other future development will also provide further developer contributions.
76. At this stage it is likely that payment of the first stage Developer Contributions (DC's) will become due before Council settles with LFT for the sports park land transaction. LFT has requested that the timing of payment of the first stage DC's coincides with the date of payment of the park land. It is proposed that the amount owing for stage 1 DC's will be deducted from the HCC payment of the sports park.
77. While a formal valuation of the land has yet to be completed, it is expected that the available funds will be sufficient to complete Council's obligations for the purchase of the sports park land (plus any CPI increases) and the associated Meadowfield Street transport corridor, plus the costs of constructing the road.
78. Funding has been set aside based on a \$8M transaction cost, and would be available from the following sources, noting that carryovers will be required for the funding set aside in year 2011/12:

| Funding Source | Available Funds | Year Available |
|---|------------------------|-----------------------|
| Available Development Contribution Loan | \$2,800,000 | 2011/12 |
| Available Reserve Contribution Funds | \$3,400,000 | 2011/12 |
| Draft 10 Year Plan (2012/13) Project 12012 | \$2,000,000 | 2012/13 |
| TOTAL | \$8,200,000 | |

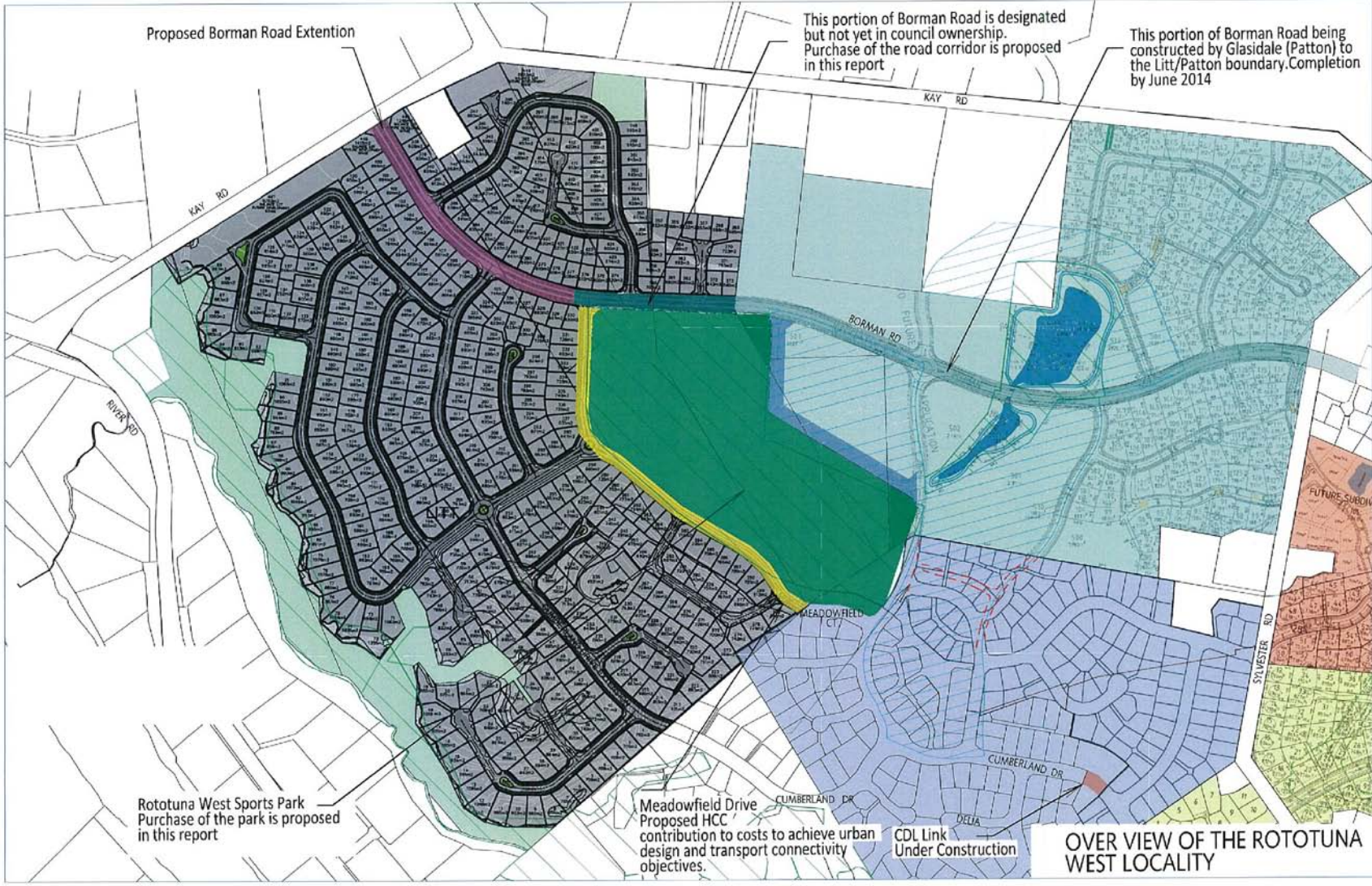
- 79. The settlement of the whole of the sports park land of 8.4559ha, plus the 0.5ha Meadowfield Street transport corridor is now expected to occur in the 2012/13 year.
- 80. Payment for the construction contribution of the transport corridor (Meadowfield Street) will be required as and when the construction occurs and when staff have approved the quality of the work.

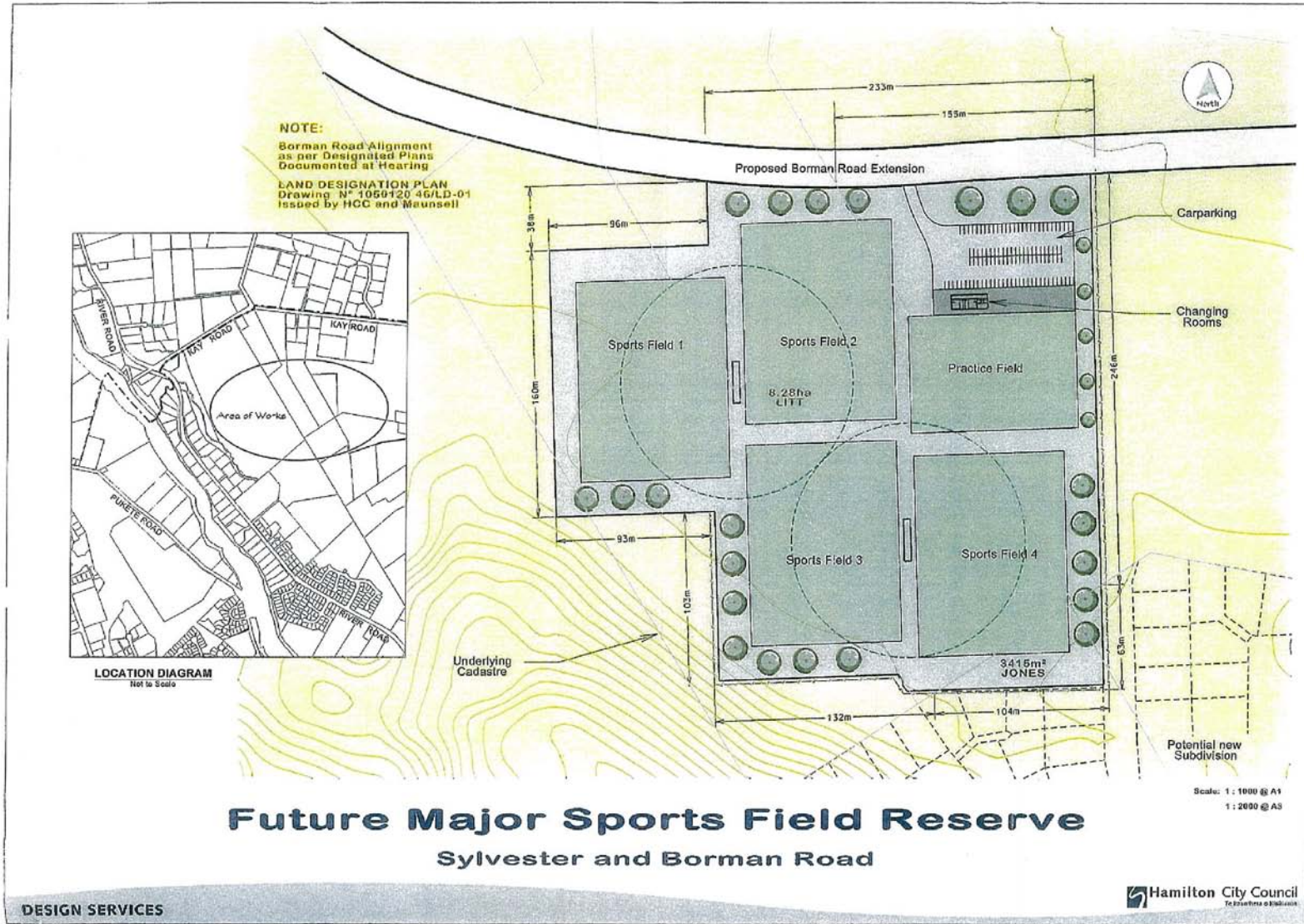
81. Risk

- 82. It has been apparent that the parties have divergent views on the value of the land and to manage this risk the proposed Agreement sets out an agreed valuation methodology to be followed. Notwithstanding this there is a risk that the agreed valuation will exceed the available funding and if this occurs the issues would need to be brought back to Council.
- 83. There is a risk to Council of escalating costs in the purchase price if it were not to purchase the land at this time. This is due to Rule 6.1.4(c) in the District Plan that provides for the land owner to be compensated by adding the Consumer Price Index percentage to the purchase price for each year that settlement of the purchase is delayed.
- 84. Should Council opt not to proceed with the obligations contained in this report there will be legal risk around alleged non-performance of contractual agreements.

Signatory

| | |
|------------|--|
| Authoriser | Chris Allen, General Manager City Infrastructure Group |
|------------|--|





path g:\hoomap\parks_gardens\borman rd sports park\draft sports field.dgn-1_copy

REVISED SPORTS PARK PLAN
(Park Layout Indicative Only)



HEADS OF AGREEMENT

between

HAMILTON CITY COUNCIL

and

COLIN ROY LITT, HELEN JUNE LITT and STUART LINDSAY GORDON

and

COLIN ROY LITT and HELEN JUNE LITT

and

RYVINGTON HOLDINGS LIMITED

MTB-348175-699-30-V1:avdh

WESTPAC HOUSE
430 VICTORIA STREET
PO BOX 258, DX GP20021
HAMILTON 3240
NEW ZEALAND
PH: 07 839 4771
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AGREEMENT dated

2012

PARTIES

- (1) HAMILTON CITY COUNCIL ("HCC")
- (2) COLIN ROY LITT, HELEN JUNE LITT and STUART LINDSAY GORDON as trustees of the LITT FAMILY TRUST ("LFT")
- (3) COLIN ROY LITT and HELEN JUNE LITT ("LITT")
- (4) RYVINGTON HOLDINGS LIMITED ("RHL")

BACKGROUND

- A. LFT owns land at Kay Road, Hamilton being the land comprised in Identifier 420310 South Auckland Registry ("LFT Land").
- B. LITT owns land at Kay Road, Hamilton being the land comprised in Identifier 57386 South Auckland Registry ("LITT Land").
- C. RHL owns land at Kay Road, Hamilton being the land comprised in Identifier 558337 South Auckland Registry ("RHL Land").
- D. LFT has obtained a subdivision consent from Hamilton City Council issued under Resource Consent [Details to be provided] ("Consent").
- E. The Consent requires in paragraphs [check new consent] as follows:
 - (19)(a) *That the proposed Active Sports Field Reserve as shown on Scheme Plan 05/069 revision V3 as prepared by Blue Wallace Surveyors Limited 4 June 2009 with a total land area not less than 8.4559 incorporating Areas A, B and Sec 1 and Sec 2 is required to vest with Council as Recreation Reserve. The Recreation Reserve to vest will be valued by Council at the current market land value of the recreation Reserve as at the time of this scheme plan approval, taking into account the conditions of consent.*
 - (b) *That the proposed Recreation Reserves, being Lots 427, 428 and 429 as shown on Scheme Plan 05/069 revision V3 as prepared by Blue Wallace Surveyors Limited on 4 June 2009 vest with Council as Recreation Reserve, noting that the indicated areas of the Reserves may be reduced subject to any additional Local Purpose Reserve (Drainage) requirements. The boundary that Lots 427 and 428 share with the adjoining residential Lots is to be no lower than 4 metres measured vertically from the top of the bank as identified by the highest contour of the residential sections adjacent to the gully reserve, as shown on scheme plan 05/069 revision V3 prepared by Blue Wallace Surveyors Limited 4 June 2009. The Reserve areas to vest will be valued by Council at their current market land value as at the time of this scheme plan approval, taking into account the conditions of consent.*
 - (d) *"That Section 1 and Area B as shown on scheme plan 05/069 revision V3 prepared by Blue Wallace Surveyors 4 June 2009 vest with Council during*

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the 2009/10 financial year beginning 1 July 2009 end date being 30 June 2010, or at such time in accordance with an agreement with Hamilton City Council."

- (e) "That Section 2 and Area A as shown on scheme plan 05/069 revision V3 prepared by Blue Wallace Surveyors 4 June 2009 vest with Council during the 2012/2013 financial year beginning 1 July 2012 end date being 20 June 2013.

Note: Due to the delayed vesting/payment for Section 2 and Area A the assessed value of these areas will be adjusted by the variation of the Consumer Price Index for the 3 year period following the date of consent as per the requirements of Rule 6.1.4(a) of the Hamilton City Council Proposed District Plan, or at such time in accordance with an agreement with the Hamilton City Council."

- F. HCC has further agreed to contribute to the land and construction costs relating to the formation of Meadowfield Drive shown coloured ~~blue~~ as Lot 434 on the plan attached as Schedule 1 on the terms set out in clause 2.

- G. The Land the subject of this Agreement comprises:

- (i) 8.4659 ~~4245~~ hectares shown marked ~~[]~~ Lot 505 on the plan attached as Schedule 1 to be vested in HCC as Recreation Reserve ("the Park Land"); and
- (ii) [] hectares shown marked ~~[]~~ Lot 434 on the plan attached as Schedule 1 to be vested in HCC as local road ("the Road Corridor").

- H. The parties enter into this Agreement to record (inter alia):

- (i) The process agreed between them for determination of the purchase price for the Park Land;
- (ii) The process agreed between them for the valuation of the Road Corridor and the sharing of the land costs ~~for Meadowfield Drive;~~
- (iii) The process agreed between them for the construction of Meadowfield Drive and the sharing of the construction costs.

- I. Insofar as it affects the Park Land it is intended that this preliminary Agreement will be followed and superseded by a formal Agreement for Sale and Purchase to be made between LFT, LITT and RHL as vendor and HCC as purchaser, for the sale and purchase of the Park Land in due course.

NOW THIS AGREEMENT RECORDS AS FOLLOWS

1. DETERMINATION OF PURCHASE PRICE

- 1.1 The purchase price for the Park Land and the Road Corridor shall be determined as follows:

- (a) HCC confirms it appointed Doug Saunders of Telfer Young, Registered Valuers, Hamilton as its valuer for the purposes of this clause 1 on 21 February 2012.

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- (b) LFT confirms it appointed [] as its valuer for the purposes of this clause 1 on [date].
- (c) The valuers appointed shall each:
 - (i) complete a market valuation of the Park Land at its current market value as at the time the Consent was granted taking into account the conditions of the Consent and Rule 6.1.4 of the District Plan and otherwise in accordance with accepted valuation methodology as approved by the Institute of Valuers as expeditiously as possible and, within two (2) months of the date of appointment of the later of them; and
 - (ii) calculate any adjustment to the market value of the Park Land (both parcels) under Section 6.1.4(a)(ii) of the Hamilton City Council Proposed District Plan and the Consent in accordance with the Consumer Price Index for the period from the date of the Consent to the date of determination of the market value of the Park Land.
 - (iii) complete a market valuation of the land required for the Road Corridor at its current market value and in accordance with accepted valuation methodology as approved by the Institute of Valuers, as expeditiously as possible and within two (2) months of the date of appointment of the later of them.
 - (iv) serve a copy or copies of its valuation on the other party, within two (2) months of the date of appointment of the later of them.
- (d) The valuers appointed by the parties will meet no later than two weeks after the earlier of the last day on which a party ~~the parties~~ may serve or the last of them actually serves the other a copy valuation pursuant to clause 1.1(c)(iv) and resolve any differences and determine the market value of the Park Land and the Road Corridor by agreement between them within one (1) month of service.
- (e) The parties will actively and expeditiously engage with each other in an effort to agree the market value of the Park Land and the Road Corridor.
- (f) In the event that the market value of the Park Land and/or Road Corridor has not been determined in accordance with the above process within three (3) months of the date of this Agreement, the parties shall submit the difference or dispute between them to a judicial arbitration in accordance with the Arbitration Act 1996.
- (g) An arbitrator must be agreed within two weeks of the referral to arbitration, otherwise the parties agree that the arbitrator will be appointed by the President of the Valuers Council of the New Zealand Institute of Valuers.
- (h) When the market value of the Park Land and/or Road Corridor has been determined the person or persons determining the same shall give written notice to the parties. Such determination shall be final and binding upon the parties and shall be the purchase price for the Park Land and the land value for the Road Corridor.

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- 1.2 Any difference of dispute between the parties as to the market value of the Park Land or the Road Corridor will not effect the party's obligation to perform its obligations under this Agreement without delay in respect of the valuation not so disputed.
- 1.3 In any determination of market value pursuant to this clause each party shall pay the costs of their own valuers and one half of the fees and costs of any arbitrator (if any).
- 1.4 Within one week of the determination of the purchase price for the Park Land the parties shall enter into a formal Agreement for Sale and Purchase for the sale and purchase of the Park Land using the then most current ADLS form of Sale and Purchase, which shall be conditional upon each party approving the transaction within eight weeks of receipt of the notice pursuant to clause 1.1(h).
- 1.5 The Settlement date for the purchase of Section 1 Area Blots 434 and 505 will be ten (10) working days following the date Section 1 Area B is Lots 434 and 505 are vested in HCC.
- ~~1.6 The Settlement date for the purchase of Section 2 Area A will be 1 July 2012 or the date ten (10) working days following the date Section 2 Area A is vested in HCC, whichever is the later.~~
- ~~1.7.1.6~~ The Settlement date for HCC's 50% contribution to the land value of the Road Corridor will be the date ten (10) working days following the date the Road Corridor is vested in HCC.
- ~~1.8.1.7~~ In the event of any conflict between the provisions of this clause and the provisions of the Consent the provisions of the Consent shall prevail.
- 2. AGREEMENT TO CONSTRUCT ROAD AND TERMS**
- 2.1 For the purposes of this clause 2 "Roding Works" means the construction of that part of the Meadowfield Drive carriageway shown coloured yellow on the plan attached as Schedule 1 excluding all services required for the residential subdivision and substantially in accordance with the cross-section plan attached as Schedule 2.
- 2.2 RHL agrees at its own cost to undertake or arrange for the following works to be carried out in accordance with the relevant Consent conditions:
 - (a) The design of the Roding Works;
 - (b) The construction of the Roding Works;
 - (c) The administration of the Roding Works construction contract;
 - (d) The final survey and legal costs associated with vesting the Roding Works in HCC;
 - (e) But in all cases subject to the provisions of this Agreement.
- 2.3 RHL and HCC agree that the completed Roding Works will reflect the agreed cross-section plan attached as Schedule 2 and shall be constructed in accordance with the approved plans and to the standards set out in the Hamilton City Development Manual to the satisfaction of HCC's General Manager, City Infrastructure.

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2.4 Rights of HCC

HCC shall have the right, acting reasonably, to:

- (a) Have access to all information relating to the tender and contractual processes for the appointment of a contractor;
- (b) Appoint a representative to have authority with the engineer's representative (as between the parties hereto);
- (c) To oversee and veto any aspect of the design or construction;
- (d) To approve and veto the appointment of any Project Manager appointed by RHL to manage the Roding Works;

2.5 Roding Works Construction Period

- (a) RHL agrees that construction of the Roding Works is to be completed on or before that section of Borman Road shown coloured pink on the plan attached as Schedule 1 is constructed by HCC and RHL will not seek to extend that period without the prior agreement of HCC.
- (b) RHL will use its best endeavours within its power under the construction contracts to secure completion of construction within the specified construction period.

2.6 Payment

- (a) ~~The parties expressly acknowledge that the construction costs for local roads are normally met by the developer, however, in this instance RHL will pay for the cost of the Roding Works and~~ HCC shall make a contribution to RHL for the design tendering and construction costs of the Roding Works at the rate of \$ _____ per lineal metre PROVIDED THAT RHL complies with its obligations under this Agreement.
- (b) HCC agrees to pay RHL:
 - (i) **Land Value**
 - A. HCC shall pay to RHL 50% of the land value for the Road Corridor ten (10) working days following the date the Road Corridor is vested in HCC as set out in clause 3.3.
 - B. The land value for the Road Corridor shall be determined by the valuers pursuant to clause 1.1(c)(iii).
 - (ii) **Construction Costs**
 - A. When RHL receives and approves a payment claim relating to the supply and/or construction of the Roding Works RHL shall pay the invoice and send to the HCC a copy of the payment certificate and an invoice for HCC's contribution to that particular progress claim calculated in accordance with the per lineal metre rate set out in clause 2.6(a). HCC shall make payment of the invoice sum within twenty (20) working days .

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B. HCC shall be deemed to have received the invoice;

- a. Upon the invoice being sent by facsimile or email to HCC;
or
- b. Two (2) working days after the invoice has been sent by
ordinary mail to HCC.

(iii) **Interest for Late Payment**

If HCC defaults in the payment of any monies payable under this clause 2.6 for 10 working days then HCC shall pay on demand interest at the rate of 14% per annum on the monies unpaid from the due date for payment to the date of payment.

2.7 Dispute regarding Payments

In the event that a dispute arises between the parties as to the amount of any charge which RHL is entitled to make against HCC then:

- (a) Any undisputed amount on the invoice shall be paid as set out in this Agreement;
- (b) HCC shall within twenty (20) working days of receiving the original invoice, notify RHL in writing of the specific ground upon which it disputes the unpaid amount;
- (c) The parties will then endeavour to resolve the dispute as quickly as possible with either:
 - (i) HCC paying the then agreed amount; and/or
 - (ii) RHL issuing a credit note for the then agreed amount.
- (d) If the parties to this agreement are unable to resolve the matter of the dispute within twenty (20) working days of such dispute being notified to RHL, the matter shall be determined in accordance with clause 6.
- (e) RHL may not claim any penalty, interest or additional charge for late payment on any invoice or part thereof that is under dispute in terms of this clause unless such dispute is unreasonable.

2.8 Maintenance

- (a) RHL will be responsible for the remedy of any defects in the Roding Works resulting from poor workmanship and/or materials, failure to comply with this Agreement, or other act or omission of RHL for the period of 12 months from the completion of construction of the Roding Works.
- (b) HCC shall be entitled to complete or arrange completion of such remedial work and recover the cost of doing so as a debt from RHL, together with interest at the rate of 14% per annum from the date when HCC commences completes such work until the date when payment is made.

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- 2.9 RHL will account to such of LITT and/or LFT as appropriate for their respective share/s (if any) of the money paid by HCC to RHL under this clause 2.

3. STAGED SUBDIVISION

- 3.1 HCC acknowledges the subdivision of the Park Land will be completed in ~~one~~ stages in accordance with the Consent.
- 3.2 RHL agrees to vest the whole of the Park Land in HCC upon deposit of the subdivisional plan for Stage 1 of LFT's subdivision.
- 3.3 RHL agrees to vest the whole of the Road Corridor in HCC upon deposit of the subdivisional plan for Stage 1 of LFT's subdivision.
- 3.4 *HCC acknowledges the construction of the Roading Works will be completed in two stages in accordance with the staging plans attached as Schedule 3 with both stages to be completed as provided in clause 2.5.*

4. DEVELOPMENT CONTRIBUTIONS

- 4.1 HCC agree that any development contributions assessed and charged by HCC to ~~LFT the consent holder~~ for Stage 1 of ~~LFT's the landowner's~~ subdivision may be credited against HCC's payment for the Park Land PROVIDED THAT the whole of the Park Land is vested in HCC in Stage 1 of LFT's subdivision.
- 4.2 ~~LFT The consent holder~~ acknowledges that any development contributions assessed and charged by HCC to ~~LFT the consent holder~~ for stages subsequent to Stage 1 of ~~LFT's the landowner's~~ subdivision shall be paid upon issue of the relevant s224 certificate in accordance with HCC's standard requirements.

5. BORMAN ROAD

- 5.1 The parties agree, without creating any legal obligation, to engage with each other to consider:
- (a) Whether it is possible for HCC to fund the acquisition of further land for that part of Borman Road coloured [] on the plan attached as Schedule 1 ("the Borman Road Extension"); and
 - (b) What arrangements can be made and agreed between the parties to fund the construction of the Borman Road Extension; and
 - (c) The likely timeframe for the construction of the Borman Road Extension.

6. DISPUTE RESOLUTION

6.1 Disputes

- (a) Any dispute or difference of any kind whatsoever arising between RHL and the HCC in connection with or arising out of this Agreement (not being a dispute to be referred to arbitration under clause 1.1(f)) ("dispute") shall be dealt with in accordance with the provisions of this clause 6.

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- (b) A dispute shall be deemed to arise when one party serves on the other(s) a notice ("notice of dispute") stating the nature of the dispute, together with brief particulars of the facts and circumstances relied on by the party serving the notice of dispute.
- (c) Within ten (10) working days of the service of the notice of dispute the parties shall meet, negotiate and seek to resolve the dispute in good faith.

6.2 Referral to CEOs

- (a) If the parties are unable to resolve the dispute or make material progress towards its resolution within ten (10) working days of the service of the notice of dispute, then as a condition precedent to the referral of the dispute to arbitration pursuant to this clause, the dispute shall be referred to the chief executive officers or nominated representatives of the parties for discussion and agreement.
- (b) The chief executive officers or nominated representatives shall use their best endeavours to meet as soon as practicable after the expiry of twenty (20) working days of service of the notice of dispute and shall attempt the settlement of the dispute.

6.3 Arbitration

- (a) Provided always that the dispute has first been referred to chief executive officers or nominated representatives in accordance with the above then any party may with the written consent of the other(s) require the dispute to be referred to arbitration in accordance with the Arbitration Act 1996.
- (b) For the purposes of any arbitration conducted pursuant to this clause:
 - (i) the place of arbitration shall be Hamilton,
 - (ii) the provisions of the Second Schedule of the Arbitration Act 1996 shall apply, and
 - (iii) there shall be a single arbitrator appointed by agreement between the parties, in default of which within ten (10) working days of termination or completion of discussion between chief executives or senior managers under the above, then by the person appointed by the President of the New Zealand Law Society from time to time.

6.4 Other remedies

- (a) If the dispute is not resolved, or referred to arbitration as above, within twenty (20) working days of the service of the notice of dispute, or within a longer period agreed or in writing by the parties, then any party may pursue any remedies or courses of action, including without further notice, proceed to litigation before a New Zealand court.
- (b) The parties shall continue to perform their obligations under this Agreement to the extent reasonably and proper in the circumstances as if no dispute had arisen pending the final settlement or determination of any matter.

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- (c) Nothing in this clause 4 shall preclude any party from taking immediate steps to seek urgent interlocutory relief, declaratory judgement, or specific performance before a New Zealand court.

7. COSTS

- 7.1 HCC will pay LFT's, Litt and RHL's reasonable and actual legal, valuation and general costs arising and incurred pursuant to this Agreement.

8. COUNCIL APPROVAL

- 8.1 This Agreement is entirely conditional upon HCC passing a formal resolution approving the transactions contemplated by this Agreement by 31 May 2012.

9. CONFIDENTIALITY PROVISION

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9.10. GENERAL

- 9.10.1 All notices must be in writing and may be served in accordance with the provisions of the Property Law Act 2007 or as agreed by the parties.

- 9.210.2 Time is of the essence in respect of each of the provisions of this Agreement.

Execution:

THE COMMON SEAL of)
THE HAMILTON CITY COUNCIL)
was hereunto affixed in the)
presence of:)

.....Chief Executive Officer

.....Councillor

SIGNED by COLIN ROY LITT)
in the presence of:)

Witness signature

Witness name:

Occupation:

Address:

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SIGNED by HELEN JUNE LITT
in the presence of:

)
)

Witness signature

Witness name:

Occupation:

Address:

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SIGNED by COLIN ROY LITT)
 as a trustee of the LITT FAMILY TRUST)
 in the presence of:)

Witness signature

Witness name:

Occupation:

Address:

SIGNED by HELEN JUNE LITT)
 as a trustee of the LITT FAMILY TRUST)
 in the presence of:)

Witness signature

Witness name:

Occupation:

Address:

SIGNED by STUART LINDSAY GORDON)
 as a trustee of the LITT FAMILY TRUST)
 in the presence of:)

Witness signature

Witness name:

Occupation:

Address:

SIGNED for and on behalf of)
 RYVINGTON HOLDINGS LIMITED)
 by two directors)

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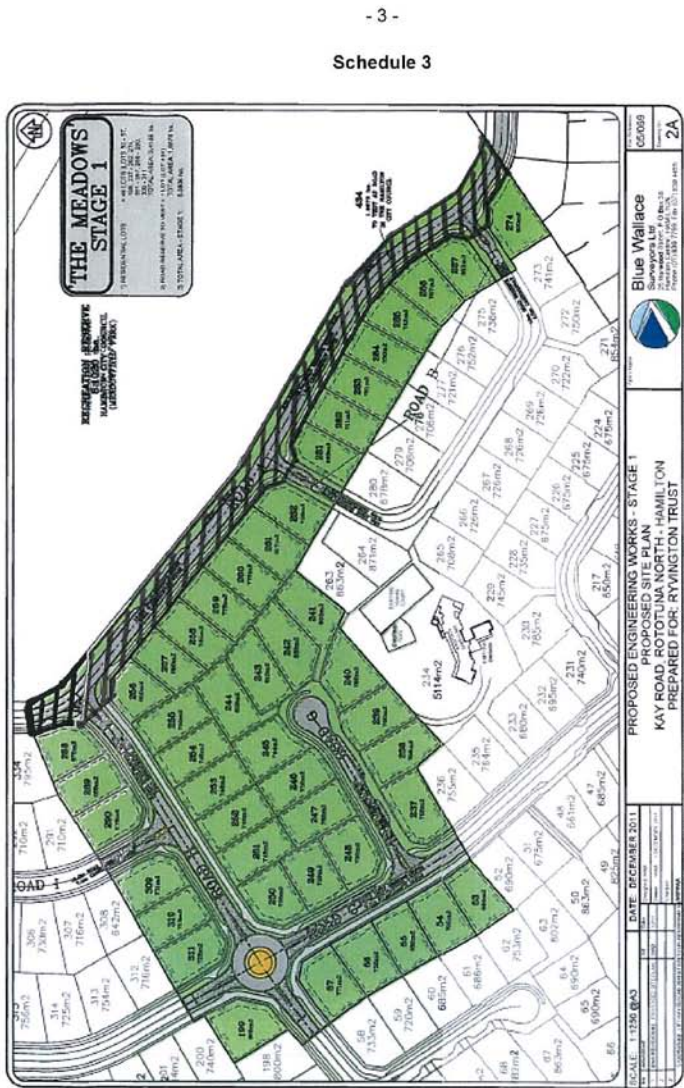


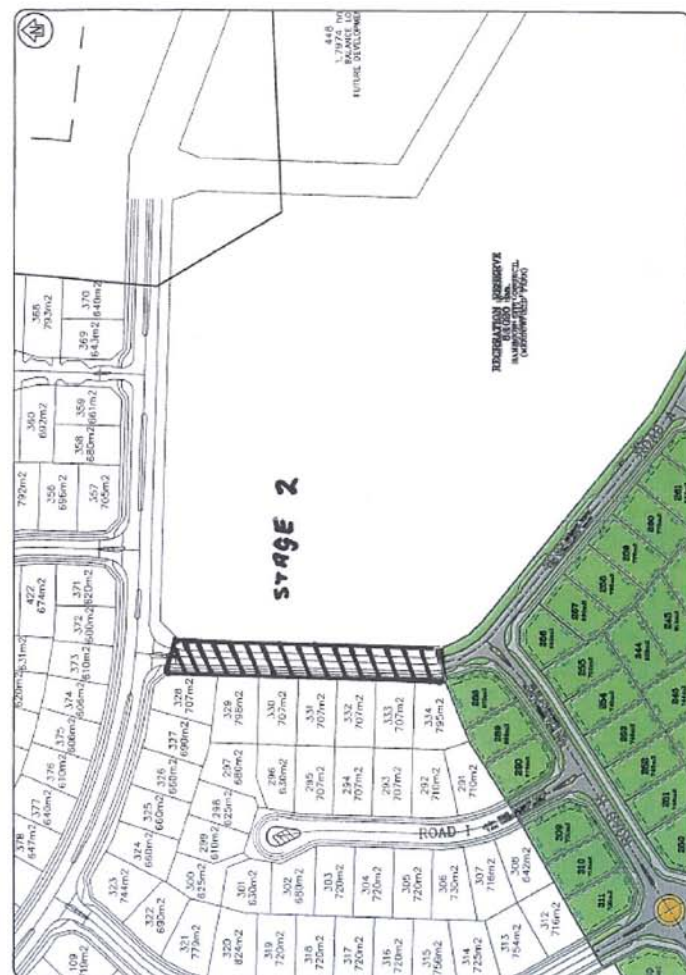
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Schedule 2

[Cross-section plan to be finalised and attached]

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Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

| General subject of each matter to be considered | Reasons for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|---|---|--|
| C1. Report on overdue debtors as at 31 March 2012 & Bad Debts Writeoffs 2011/12 |) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987) | Section 48(1)(a) |
| C2. Strategic Review of Financial Systems | | |

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

| | | |
|----------|---|-------------------|
| Item C1. | to protect the privacy of natural persons | Section 7 (2) (a) |
| Item C2. | to protect the privacy of natural persons | Section 7 (2) (a) |